



**DISTRICT MUNICIPALITY
UMASIPALA WESITHILI
DISTRIKSMUNISIPALITEIT**

Raadslede	Councillors	Ooceba
Eden Distriksmunisipaliteit	Eden District Municipality	Umasipala Wesithili se Eden
Meneer/Dame	Sir/Madam	Mnumzana/Nkosikazi

03 May / Mei / kuCanzibe 2017

Kennis geskied hiermee ingevolge Artikel 29 van die Wet op Plaaslike Regering: Munisipale Strukture, 1998, Wet 117 van 1998, dat die Vyfde (5^{de}) Raadsvergadering van die 2016/2021 termyn van die Eden Distriksmunisipaliteit gehou sal word in die C A Robertson Raadsaal, Yorkstraat 54, George, op Maandag, 29 Mei 2017 om 11:00 ten einde oorweging aan die items soos in die agenda uiteengesit, te skenk.

Notice is hereby given in terms of Section 29 of the Local Government: Municipal Structures Act, 1998, Act 117 of 1998, that the Fifth (5th) Council meeting of the 2016/2021 term of the Eden District Municipality will be held in the C A Robertson Council Chambers, 54 York Street, George, on Monday, 29 May 2017 at 11:00 to consider the items as set out in the agenda.

Kukhutshwe isaziso ngokoMhlathi 29 woRhulumente Basekhaya: Umgaqo Wesimo soMasipala, 1998, uMgaqo 117 wango 1998, sokub intlanganiso Yamashumi Amabini (5th) yeBhunga ka 2016/2021 yoMasipala Wesithili se Eden izakubanjwa kwiGumbi leBhunga l CA Robertson, 54 York Street, e George ngoMvulo, 29 kuCanzibe 2017 ngo 11:00 ukuqwalasela imiba ekuluhlu lwengxoxo

SPEAKER / SOMLOMO

Item	Agenda	Bladsy/ Page/ Iphepha
GENERIC ITEMS / GENERIESE ITEMS / IMIBA ENGUNDOQO		
	OPENING AND WELCOME / OPENING EN VERWELKOMING / UVULO NOLWAMKELO	
DC 154/05/17	APOLOGIES / VERSKONINGS / IZINGXENGXEZO	-
DC 155/05/17	COMMUNICATIONS BY THE SPEAKER / MEDEDELINGS DEUR DIE SPEAKER / UNXIBELELWANO LOSOMLOMO	
DC 156/05/17	COMMUNICATIONS BY THE EXECUTIVE MAYOR / MEDEDELINGS DEUR DIE UITVOERENDE BURGEMEESTER / UNXIBELELWANO LUKA SODOLOPHU	
DC 157/05/17	COMMUNICATIONS BY THE MUNICIPAL MANAGER / MEDEDELINGS DEUR DIE MUNISIPALE BESTUURDER / UNXIBELELWANO LUKA SODOLOPHU	
DC 158/05/17	DECLARATION OF INTEREST BY COUNCILLORS AND OFFICIALS / VERKLARING VAN BELANGE DEUR RAADSLEDE EN AMPTENARE / UKUCHAZWA KWENJONGO NGOOCEBA KUNYE NAMAGOSA	
DC 159/05/17	APPROVAL OF MINUTES OF COUNCIL MEETING / GOEDKEURING VAN NOTULE VAN RAADSVERGADERING / UKWAMKELWA KWEMIZUZU YENTLANGANO YEBHUNGA Fourth Council meeting dated 31 March 2017 / <i>Vierde Raadsvergadering gedateer 31 Maart 2017</i> / Intlangano yokuqala yebhunga ngomhla 31 kweyoKwindla 2017 Special Council meeting dated 24 April 2017 / <i>Spesiale Raadsvergadering gedateer 24 April 2017</i> / Intlangano yokuqala yebhunga ngomhla 24 kuTshazimpuzi 2017	1 –31 (page 32 – 33 on in committee agenda) 34 – 43

**MINUTES OF MAYORAL COMMITTEE MEETINGS (FOR NOTIFICATION) /
NOTULES VAN BURGEMEESTERSKOMITEEVERGADERINGS (VIR
KENNISNAME) / IMIZUZUZ YEKOMITI KASODOLOPHU KUNYE NEZINYE
(ITHATHELWE INGQALELO)**

DC 160/05/17	MAYORAL COMMITTEE MEETING / BURGEMEESTERSKOMITEE VERGADERING / IMIZUZU YENTLANGANO YEKOMITI KASODOLOPHU 16 March / Maart / kweyeKwindla 2017	44 – 51
ITEMS FROM THE SPEAKER / ITEMS VANAF DIE SPEAKER / IMIBA EVELA KUSOMLOMO		
None / Geen / Ulukho		
ITEMS SUBMITTED FROM THE EXECUTIVE MAYOR / ITEMS VOORGELê VANAF DIE UITVOERENDE BURGEMEESTER / IMIBA ENIKEZELWEYO NEVELA KUSODOLOPHU		
DC 161/05/17	EDEN 2017/2018 – 2021/2022 FOURTH GENERATION INTEGRATED DEVELOPMENT PLAN (IDP) / EDEN 2017/2018 – 2021/2022 VIERDE GENERASIE GEÏNTEGREERDE ONTWIKKELINGSPLAN (GOP) / UKWAMKELWA KWESICWANGCISO SENDIBANISELWANO YEZOPHUhLISO YESIZUKULWANA SESINE YE EDEN 2017/2018-2021/2022 (582781) Refer: Report (16/8/2) dated 17 May 2017 from the Executive Manager Corporate/Strategic Services (B Holtzhausen) / Acting District IDP Manager (R Davids)	52 – 54 (IDP document binded separately)
DC 162/05/17	MULTI-YEAR BUDGET FOR 2017/18; 2018/19; 2019/20 / MEERJARIGE BEGROTING VIR 2017/18; 2018/19; 2019/20 / UYILO LOHLAHO - LWABIWOMALI OLUPHINDAPHINDENEYO KU 2017/2018; 2018/2019; 2019/2020 (582796) Refer: Report (6/1/1/1-16-17) dated 17 May 2017 from the Accounting Officer (MG Stratu)	55 – 472
DC 163/05/17	REPORT: SECTION 52 RESPONSIBILITIES OF MAYOR / VERSLAG: ARTIKEL 52 VERANTWOORDELIKHEDE VAN DIE BURGEMEESTER / INGXLQ: UMHLATHI 52 UXANDUVA LUKASODOLOPHU (580415) Refer: Report (6/18/7) dated 18 April 2017 from the Executive Mayor (Cllr M Booyesen)	473 – 531

**URGENT MATTERS FROM THE MUNICIPAL MANAGER / DRINGENDE ITEMS
VANAF DIE MUNISIPALE BESTUURDER / IMIBA ENGXAMISEKILEYO EVELA
KUMPHATHI MASIPALA**

DC 164/05/17	<p>REPORT ON THE NEW WORKING HOURS FOR EDEN DISTRICT MUNICIPALITY / VERSLAG RAKENDE DIE NUWE WERKSURE VIR EDEN DISTRIKSMUNISIPALITEIT / INGXELO NGESIPHAKAMISO SEYURE EZINTSHA ZOKUPHANGELA ZOMASIPALA WEITHILI SE EDEN (581661) <i>Refer: Report (4/1/2/4/13) dated 09 May 2017 from the Municipal Manager (MG Stratu)</i></p>	532 – 539
DC 165/05/17	<p>EDEN DISTRICT MUNICIPALITY REVISED RISK MANAGEMENT POLICY FOR THE 2017/18 FINANCIAL YEAR / EDEN DISTRIKSMUNISIPALITEIT HERSIENE RISIKO BESTUURSBELEID VIR DIE 2017/18 FINANSIËLE RAAD / INGXELO YOMASIPALA WESITHILI SE EDEN NGOMGAQO WOKUSENGCIPEKWNI OLUNGELELANISIWEYO WONYAKAMALI KA 2017/18 (581410) <i>Refer: Report (4/1/2/4/3) dated 10 May 2017 from the Municipal Manager (MG Stratu) / Risk Officer (L James)</i></p>	540 – 568
DC 166/05/17	<p>FEEDBACK ON THE AUDIT REPORT OF 31 MARCH 2017 (DC 129/03/17) / TERUGVOERING RAKENDE DIE OUDIT VERSLAG VAN 31 MAART 2017 (DC 129/03/17) / ingxelo: UNIKEZELO LWENGXELO KWINGXELO YEZOPHICOTH O YANGOMHLA 31 KWEYOKWINDLA 2017(DC 129/03/17 (582439) <i>Refer: Report (9/11/1) dated 16 May 2017 from the Office of the Municipal Manager (MG Stratu) / Performance Management Officer (IG Saayman)</i></p>	569 – 573
<p align="center">ITEMS SUBMITTED FROM THE EXECUTIVE MAYORAL COMMITTEE / ITEMS VOORGELê VANAF DIE UITVOERENDE BURGEMEESTERSKOMITEE / IMIBA ENIKEZELWEYO NEVELA KUSODOLOPHU</p>		
DC 167/05/17	<p>REPORT ON THE FORMALIZATION OF WASTE PICKERS PROJECT IN OUDTSHOORN / VERSLAG TEN OPSIGTE VAN DIE FORMALISERING VAN AFVAL OPTELLERS PROJEK IN OUDTSHOORN / INGXELO EKUMISELWENI KWENKQUBO YABACHOLI BENKUNKUMA E TSHORENI (572254) <i>Refer: Report (19/2/2/2/20) dated 28 February 2017 from the Executive Manager: Corporate/Strategic Services (B Holtzhausen): Manager: Strategic Services (M Wilson)</i></p>	574 – 581

DC 168/05/17	<p>REPORT ON THE DRAFT GARDEN ROUTE AND KLEIN KAROO FILM STRATEGY FOR THE EDEN DISTRICT / VERSLAG TEN OPSIGTE VAN DIE TUINROETE EN KLEIN-KAROO FILM STRATEGIE VIR DIE EDEN DISTRIK / INGXELO NGOYILO LOBUCHULE BEZOSCHICILELO LWE GARDEN ROUTE KUNYE NE KLEIN KAROO (579902) <i>Refer: Report (19/2/2/20) dated 19 April 2017 from the Executive Manager: Corporate/Strategic Services (B Holtzhausen): Manager: Strategic Services (M Wilson)</i></p>	582 – 600
DC 169/05/17	<p>FINANCIAL SUPPORT FOR THE ERECTING OF NEW FENCING AS WELL AS THE REPLACING OF DAMAGED FENCING ALONG THE PROVINCIAL ROADS NETWORK IN THE JURISDICTION AREA OF THE EDEN DISTRICT MUNICIPALITY/ FINANSIËLE ONDERSTEUNING VIR DIE OPRIGTING EN VERVANGING VAN BESKADIGDE OMHEININGS LANGS DIE PROVINSIALE PADNETWERK / INKXASO-MALI SAMAXABISO OBUXHAKAXHAKA OKUFAKELWA KOCINGO OLUTSHA KUNYE NOKULUNGISWA KOCINGO OLONAKELEYO KWIMIGAQO YEPHONDO KWINGINGQI YOMDA WESITHILI SOMASIPALA WE EDEN (575209) <i>Refer: Report (17/3/16/1) dated 03 April 2017 from the Executive Manager: Roads Services</i></p>	601 – 613
DC 170/05/17	<p>MUNICIPAL DEMARCATION BOARD (MDB): CIRCULAR 1/2017: DETERMINATION AND RE-DETERMINATION OF MUNICIPAL BOUNDARIES AND MUNICIPAL DEMARCATION BOARD'S PROGRAMME FOR 2017-2021/ MUNISIPALE AFBAKENINGSRAAD (MAR): OMSENDBRIEF 1/2017: BEPALING EN HER-BEPALING VAN MUNISIPALE GRENSE EN DIE MUNISIPALE AFBAKENINGSRAAD SE PROGRAM VIR 2017-2021 / IBHODI YEMIDA YOMASIPALA: ISAZINGE 1/2017: UQWALASELO KUNYE NOKUQWALASWELA KWAKHONA KWEMIDA YOMASIPALA KUNYE NENKQUBO ZEMIDA ZOMASIPALA KU 2017-2021 (579811) <i>Refer: Report (2/1/2) dated 03 May 2017 from the Executive Manager: Corporate/Strategic Services (B Holtzhausen)</i></p>	614 – 624

**ITEMS DIRECTLY SUBMITTED TO COUNCIL / ITEMS DIREK AAN DIE RAAD
VOORGEHOU / IMIBA ENIKEZELWE KWIBHUNGA**

DC 171/05/17	<p>EXTENSION OF EMPLOYMENT CONTRACT OF THE EXECUTIVE MANAGER COMMUNITY SERVICES / VERLENGING VAN DIENSKONTRAK VAN DIE UITVOERENDE BESTUURDER GEMEENSAPSDIENSTE / UKWANDISWA KWESIVUMELWANO SENGQESHO SOMPHATHI OYINTLOKO: INKONZO YOLUNTU</p> <p><i>Refer: Report (5/3) dated 17 May 2017 from the Executive Manager Corporate/Strategic Services (B Holtzhausen)</i></p>	625 – 630
DC 172/05/17	<p>APPOINTMENT OF CHAIRPERSONS: SECTION 79 COMMITTEES / AANSTELLING VAN VOORSITTERS: ARTIKEL 79 KOMITEES: ARTIKEL 79 KOMITEES / INGXELO NGOKUCHONGWA KOSIHLALO: IKOMITI ZOMHLATHI 79 (583628)</p> <p><i>Refer: Report (13/R/133) dated 15 May 2017 from the Municipal Manager (MG Stratu)</i></p>	631 – 634
DC 173/05/17	<p>REPORT ON POLICY FOR COUNCILLOR SKILLS DEVELOPMENT AND TRAINING / VERSLAG RAKENDE 'N BELEID VIR VAARDIGHEIDS ONTWIKKELING EN OPLEIDING VIR RAADSLEDE / INGXELO NGOMGAQO WEZOPHULISO LWEZAKHONO ZOCEBA KUNYE NOQEQESHO (582935)</p> <p><i>Refer: Report (9/3/5/3) dated 18 May 2017 from the Executive Manager Corporate/Strategic Services(B Holtzhausen) / Assistant Human Resource Manager (C Scheepers)</i></p>	635 – 641
DC 174/05/17	<p>PROGRESS REPORT REGARDING THE IMPLEMENTATION OF THE MUNICIPAL STANDART CHART OF ACCOUNCTS (MSCOA) / VORDERINGSVERSLAG RAKENDE DIE IMPLEMENTERING VAN DIE STANDAARD TABEL VAN REKENINGE (MSCOA) / INGXELO NGOKUMISELWA KOLUTHLU LWENCWADI EZIFANELEKILEYO ZOMASIPALA (MSCOA) 580410)</p> <p><i>Refer: Report (7/2/2/6) dated 05 May 2017 from the Executive Manager. Corporate/Strategic Services (B Holtzhausen): MSCOA Project Team Leader (R Alberts)</i></p>	642 – 658

DC 175/05/17	<p>TABLING OF THE MUNICIPAL REGULATIONS ON THE MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA) / VOORLEGGING VAN DIE MUNISIPALE REGULASIE VAN DIE STANDAARD TABEL VAN REKENINGE (MSCOA) / UKUTHIWA THACA KWEMITHETHO YOMASIPALE NGOLUTHLU NGOLUHLU LWENCWADI ZOMASIPALA OLUFANELELEKILEYO (MSCOA)(580271)</p> <p><i>Refer: Report (7/2/2/6) dated 05 May 2017 from the Executive Manager: Corporate/Strategic Services (B Holtzhausen): MSCOA Project Team Leader (R Alberts)</i></p>	659 – 798
DC 176/05/17	<p>REPORT ON THE LEFATSHE OUTCOME AND POSSIBLE APPOINTMENT OF A SERVICE PROVIDER TO INVESTIGATE ANY IRREGULARITIES / VERSLAG RAKENDE DIE LEFATSHE UITKOMS EN MOONTLIKE AANSTELLING VAN 'N DIENSVERSKAFFER OM ENIGE ONGERUIMDEDE TE ONDERSOEK / INGXELO NGEZIPHUMO ZABAKWA LEFATSHE KUNYE NOMNIKEI NKONZO WEZOPHANDO NOSENGACHONGWA UKUBA APHANANDE INCITHE EGXWENXA (583318)</p> <p><i>Refer: Report (7/2/2/2) dated 18 May 2017 from the Executive Manager: Corporate/Strategic Services (B Holtzhausen) / Manager: Legal Services (N Davids)</i></p>	799 – 809
DC 177/05/17	<p>UTILISATION OF COUNCIL PROPERTIES / AANWENDING VAN RAADSEIENDOMME / UKUSETYENZISWA KWEMIHLABA YEBHUNGA</p> <p><i>Refer: Report (8/3/1/1) dated 23 May 2017 from the Municipal Manager (MG Stratu)</i></p>	810 – 815

Rdl / Cllr CN Lichaba
Rdl / Cllr D Xego
Rdl / Cllr S De Vries
Rdl / Cllr NF Kamte
Rdl / Cllr MP Mapitiza
Rdl / Cllr TA Simmers
Rdl / Cllr D Saayman
Rdl / Cllr BN Van Wyk
Rdl / Cllr RE Spies
Rdl / Cllr T Van Rensburg
Rdl / Cllr M Booysen
Rdl / Cllr AJ Rossouw
Rdl / Cllr KS Lose
Rdl / Cllr T Fortuin
Rdl / Cllr JP Johnson
Rdl / Cllr IT Mangaliso
Rdl / Cllr SM Odendaal
Rdl / Cllr SS Mbandezi
Rdl / Cllr BHJ Groenewald
Rdl / Cllr E Meyer
Rdl / Cllr RH Ruiters
Rdl / Cllr I Stemela
Rdl / Cllr EH Stroebe
Rdl / Cllr RS Figland
Rdl / Cllr PJ Van der Hoven
Rdl / Cllr T Teyisi
Rdl / Cllr V Gericke
Rdl / Cllr K Windvogel
Rdl / Cllr JCLambaateen
Rdl / Cllr RR Wildschut
Rdl / Cllr NC Jacob
Rdl / Cllr SN Ndayi
Rdl / Cllr MV Molosi
Rdl / Cllr MS Willemse
Rdl / Cllr L Tyokolo



**DISTRICT MUNICIPALITY
UMASIPALA WESITHILI
DISTRIKSMUNISIPALITEIT**

**Minutes of the Fourth (4th)
Council Meeting of the 2016/2021
term of Eden held in the CA Robertson Council Chamber,
Eden District Municipality, 54 York Street, George, on
on Friday, 31 March 2017 at 12:00**

***Notule van die Vierde (4^{de})
Raadsvergadering
van die 2016/2021 termyn
van Eden gehou in die CA Robertson Raadsaal,
Eden Distriksmunisipaliteit, Yorkstraat 54, George, op
Vrydag, 31 Maart 2017 om 12:00***

**Imizuzu
Yentlanganiso Yesine (4th)
yeBhunga yexesha 2016/2021
le Eden nebibanjwe kwiGumbi leBhunga CA Robertson,
Kwisithili soMaspala we Eden, 54 York Street, e George
ngoLwesihlanu, 31 kweyoKwinda 2017 ngentsimbi 12:00**

PRESENT / TEENWOORDIG / ABAKHOYO

Cllr / Rdl / Ceba TA Simmers	-	DA
Cllr / Rdl / Ceba D Saayman	-	DA
Cllr / Rdl / Ceba BN Van Wyk	-	DA
Cllr / Rdl / Ceba RE Spies	-	DA
Cllr / Rdl / Ceba T Van Rensburg	-	DA
Cllr / Rdl / Ceba KS Lose	-	DA
Cllr / Rdl / Ceba D Xego	-	ANC
Cllr / Rdl / Ceba S De Vries	-	ANC
Cllr / Rdl / Ceba NF Kamte	-	ANC
Cllr / Rdl / Ceba MP Mapitiza	-	ANC
Cllr / Rdl / Ceba T Fortuin	-	ICOSA
Cllr / Rdl / Ceba NC Jacob	-	Bitou Municipality
Cllr / Rdl / Ceba M Booysen	-	Bitou Municipality
Cllr / Rdl / Ceba EH Stroebe	-	George Municipality
Cllr / Rdl / Ceba I Stemela	-	George Municipality
Cllr / Rdl / Ceba RGS Figland	-	George Municipality
Cllr / Rdl / Ceba PJ Van der Hoven	-	George Municipality
Cllr / Rdl / Ceba T Teyisi	-	George Municipality
Cllr / Rdl / Ceba V Gericke	-	George Municipality
Cllr / Rdl / Ceba JP Johnson	-	Kannaland Municipality
Cllr / Rdl / Ceba L Tyokolo	-	Knysna Municipality
Cllr / Rdl / Ceba MS Willemse	-	Knysna Municipality
Cllr / Rdl / Ceba V Molosi	-	Knysna Municipality
Cllr / Rdl / Ceba SM Odendaal	-	Hessequa Municipality
Cllr / Rdl / Ceba SS Mbandezi	-	Mossel Bay Municipality
Cllr / Rdl / Ceba BHJ Groenewald	-	Mossel Bay Municipality
Cllr / Rdl / Ceba RH Ruiters	-	Mossel Bay Municipality
Cllr / Rdl / Ceba JC Lambaatjeen	-	Oudtshoorn Municipality
Cllr / Rdl / Ceba K Windvogel	-	Oudtshoorn Municipality

OFFICIALS / AMPTENARE / AMAGOSA

Mr / Mnr / Mnu MG Stratu	-	Municipal Manager
Mr / Mnr / Mnu JC Ottervanger	-	Executive Manager Roads Services
Mr / Mnr / Mnu C Africa	-	Executive Manager Community Services
Mr / Mnr / Mnu K Niewoudt	-	Acting Executive Manager Corporate/Strategic Services
Ms / Me / Nkzn L Hoek	-	Executive Manager Financial Services
Ms / Me / Nkzn DD October	-	Chief Administration Officer
Ms / Me / Nkzn N Davids	-	Manager Legal Services
Ms / Me / Nkzn M Wilson	-	Manager Strategic Services
Ms / Me / Nkzn C Domingo	-	District IDP Manager
Mr / Mnr / Mnu J-W De Jager	-	Chief Auditor Executive
Ms / Me / Nkzv IG Saaiman	-	Performance Management
Mr / Mnr / Mnu B Desha	-	Translator/Committee Officer

OPENING EN VERWELKOMING / OPENING AND WELCOME / UVULO NOLWAMKELO

Cllr TA Simmers opened the meeting with a prayer whereafter the Speaker, Cllr MS Willemse, welcomed everyone present at the meeting.

On request of the Speaker, Council arose for a moment of silent for the late Ahmed Kathrada.

DC 115/03/17 APOLOGIES / VERSKONINGS / IZINGXENGXEZO

Cllr / Rdl / Ceba AJ Rossouw
 Cllr / Rdl / Ceba E Meyer
 Cllr / Rdl / Ceba RR Wildschut
 Cllr / Rdl / Ceba CN Lichaba

COUNCILLORS ABSENT WITHOUT LEAVE / RAADSLEDE AFWESIG SONDER VERLOF / OCEBA ABANGEKHOYO NGAPHANDLE KWEMVUME

None / Geen / Alukho

DC 116/03/17 COMMUNICATIONS BY THE SPEAKER / MEDEDELINGS DEUR DIE SPEAKER / UNXIBELELWANO LOSOMLOMO

The Speaker ruled that the some of the agenda items Items be dealt with in the following order:

- DC 141/03/17 to be dealt with after DC 122/03/17
- DC 142/03/17
- DC 133/03/17 to be dealt with after DC 126/03/17

The Speaker hereafter informed Council that due to the nature of the urgency of the matters, an addendum and urgent item was accepted. He will allow the parties to caucus diligently on the matters.

DC 117/03/17 CLEAN AUDIT CERTIFICATE HAND OVER / SKOON OUDIT SERTIFIKAAT OORHANDIGING / UKUNIKEZELWA KWESATIFIKETI SOPHUCOTHOLUNGENA CHAPHAZA

RESOLVED

That it be noted that certificates were handed over by the Executive Mayor, Cllr M Booysen to the following officials for obtaining a clean audit outcome:

- Ms L Hoek: Executive Manager Financial Services
- Mr K Nieuwoudt on behalf of the Executive Manager Corporate/Strategic Services
- Mr A Steenkamp on behalf of the Executive Manager Roads Services
- Mr C Africa: Executive Manager Community Services
- Mr MG Stratu: Municipal Manager

BESLUIT

Dat kennis geneem word dat sertifikate deur die Uitvoerende Burgemeester aan die volgende amptenare oorhandig is vir die verkryging van 'n skoon oudit uitkoms.

ISIGQIBO

Sesokuba kuthathelwe ingqalelo kuye kwanikezelwa ngezatifiketi ngu Sodolophu Obekekileyo, uCeba M Booysen kulamagosa alandelayo ngokufumana iziphumo zophicotho olungenachaphaza:

- Nkszn L hoek: Umphathi Oyintloko Wenkonzo zeMali

- Mnu .K Niewoudt egameli loMphathi Oyintloko Wenkonzo Zolawulo/Ubuchule
- Mnu A Steenkamp egameli loMphathi Oyuntloko Wenkonzo Zendlela
- Mnu C Africa: uMphathi Oyintloko Wenkonzo Zoluntu
- Mnu MG Stratu:Mphathi Masipala

DC 118/03/17 COMMUNICATIONS BY THE EXECUTIVE MAYOR / MEDEDELINGS DEUR DIE UITVOERENDE BURGEMEESTER / UNXIBELELWANO LUKA SODOLOPHU

None / *Geen* / Alukho

DC 119/03/17 COMMUNICATIONS BY THE MUNICIPAL MANAGER / MEDEDELINGS DEUR DIE MUNISIPALE BESTUURDER / UNXIBELELWANO LUKA SODOLOPHU

The Municipal Manager informed Council that a Spacial Development Framework working session will take place on Wednesday, 12 April 2017 and request councillors to be available for the session.

The Municipal Manager informed Council that Eden's Offices will closed at 12:00 on Thursday, 13 April 2017. Notices will be placed accordingly.

DC 120/03/17 DECLARATION OF INTEREST BY COUNCILLORS AND OFFICIALS REGARDING ITEMS INCLUDED ON THE AGENDA / VERKLARING VAN BELANGE DEUR RAADSLEDE EN AMPTENARE TEN OPSIGTE VAN ITEMS IN DIE AGENDA VERVAT / ISIBHENGEZO NGENGENELO EYINZUZO KOOCEBA NAMAGOSA MALUNGA NEENGONGOMA EZIFAKWE KWI AGENDA

None / *Geen* / Abekho

DC 121/03/17 APPROVAL OF MINUTES OF COUNCIL MEETINGS / GOEDKEURING VAN NOTULES VAN RAADSVERGADERINGS / UKWAMKELWA KWEMIZUZU YENTLANGANO YEBHUNGA (p 1 – 40)

Cllr S De Vries referred to case law regarding decisions taken vs voting on decisions and requested Council to follow procedure by voting on decisions taken.

The Speaker mentioned that the current Rules of Order must be amended as well and ruled that the status quo remain.

The Municipal Manager requested to proceed with the business for today and that amination will engage with the Office of the Speaker regarding this matter in due course.

Cllr V Gericke proposed that the matter be referred to the Manager Legal Services for investigation in order to provide Council with proposals where after the Rules of Order will be amended accordingly. The proposal was seconded by Cllr RE Spies.

Cllr P Van der Hoven proposed that Council vote on all matters. The proposal was seconded by Cllr

Voting by the show of hands took place and the results were as follows:

Cllrs in favour of the proposal of Cllr P Van der Hoven	-	10
Cllrs in favour of the proposal of Cllr V Gericke	-	19
Abstention	-	1

RESOLVED

That the matter regarding voting on decisions in Council meeting be referred to the Manager Legal Services for investigation in order to provide Council with proposals where-after the Rules of Order will be amended accordingly if deem necessary.

BESLUIT

Dat die aangeleentheid rakende stemming vir besluite in Raadsvergaderings na die Bestuurder Regsdienste verwys word vir ondersoek ten einde die Raad van voorstelle te voorsien, waarna die Reëls van Procedures dienooreenkomstig verander sal word indien dit vereis word.

ISIGQIBO

Sesokbuba umba malunga nezigqibo zovoto kwintlangani yeBhunga unikezelwe kuMphthi Wenkonzo Zomthetho enze uphando ngelinge lokunika iBhunga isiphakamiso ze emveni koko Imithetho Yolawulo ilungiswe ngokufanelekileyo.

The following councillors requested that their votes against the abovementioned decision be recorded:

- Cllr P Van der Hoven
- Cllr S De Vries
- Cllr D Xego
- Cllr IT Mangaliso
- Cllr K Windvogel
- Cllr VM Molosi
- Cllr NC Jacob

- Cllr NFKamte
- Cllr T Teysi
- Cllr SS Mbandezi
- Cllr MP Mapitiza

RESOLVED

1. That Council approves the minutes of the Third (3rd) Council meeting dated 30 January 2017. (Proposed by Cllr I Stemela and seconded by Cllr JC Lambatjeen).
2. That Council approves the minutes of the Special Council meeting dated 03 February 2017. (Proposed by Cllr P Van der Hoven and seconded by Cllr BHJ Groenewald).
3. That Council approves the minutes of the Special Council meeting dated 27 February 2017. (Proposed by Cllr BHJ Groenewald and seconded by Cllr JP Johnson).

BESLUIT

1. *Dat die Raad die notule van die Derde (3^{de}) Raadsvergadering gedateer 30 Januarie 2017, goedkeur. (Voorgestel deur Rdl I Stemela en gesekondeer deur JC Lambatjeen).*
2. *Dat die Raad die notule van die Spesiale Raadsvergadering gedateer 03 Februarie 2017, goedkeur. (Voorgestel deur Rdl P Van der Hoven en gesekondeer deur Rdl BHJ Groenewald).*
3. *Dat die Raad die notule van die Spesiale Raadsvergadering gedateer 27 Februarie 2017, goedkeur. (Voorgestel deur Rdl Cllr BHJ Groenewald en gesekondeer deur Rdl JP Johnson).*

ISIGQIBO

1. Sesokuba iBhunga liphumeze imizuzu yentlanganiso Yesithathu (3rd) yomhla 30 kweyeMqungu 2017. (Phakanyiswe nguCeba I Stemela sesekelwa nguCebaJC Lambatjeen).
2. Sesokuba iBhunga liphumeze imizizi yenyanganiso Ekhethekileyo Yebh unga yangomhla 03 kweyoMdumba 2017. (Phakanyiswe nguCeba Cllr P Van der Hoven sesekelwa nguCeba BHJ Groenewald).
3. Sesokuba iBhunga liphumeze imizuzu yentlanganiso eKhethekileyo yeBhunga yangomhla 27 kweyeMdumba 2017. (Phakanyiswe nguCeba BHJ Groenewald sesekelwa nguCeba JP Johnson).

DC 122/03/17 **MINUTES OF MAYORAL COMMITTEE MEETINGS / NOTULES VAN BURGEMEESTERSKOMITEEVERGADERINGS / IMIZUZU YENTLANGANO YEKOMITI KASODOLOPHU (p 41 – 53)**

RESOLVED

That Council takes note of the minutes of the Mayoral Committee meeting dated 26 Januarie 2017.

BESLUIT

Dat die Raad kennis neem van die notule van die Burgemeesterskomiteevergadering gedateer 26 Januarie 2017.

ISIGQIBO

Sesokuba imizuzu yeKomiti Kasodolophu yangomhla wama 26 kweyeMqungu 2017, ithathelwe ingqalelo.

DC 123/03/17 **VACANCY ON EDEN DISTRICT COUNCIL: DEMOCRATIC ALLIANCE PROPORTIONAL REPRESENTATIVE ON EDEN DISTRICT COUNCIL / VAKATURE OP EDEN DISTRIKSRAAD: ONAFHANKLIKE DEMOKRATIESE ALLIANSIE VERTEENWOORDIGER / ISITHUBA SOMSEBENZI KWIBHUNGA LESITHILI SE EDEN: UMELI WESAHLULELO WE DEMOCRATIC ALLIANCE KUMASIPALA WESITHILI SE EDEN (572839)**

Refer: Report (4/2/9) dated 22 March 2017 from the Municipal Manager (MG Stratu) / Senior Admin Officer (E De Villiers)(p 54 – 56)

The Municipal Manager informed Council that the IEC confirmed in a letter dated 30 March 2017, that Cllr M Booysen replaces Cllr NP Ndayi as the PR Councillor.

RESOLVED

1. That it be noted that a vacancy on Eden District Council existed due to the resignation of Ms NP Ndayi as the proportional representative for the Democratic Alliance on 22 March 2017.
2. That the letter dated 30 March 2017 received from the IEC regarding the replacement of Cllr M Booysen as PR councillor on Eden District Council in the place of Cllr NP Ndayi, be noted.

BESLUIT

1. *Dat kennis geneem word van die vakature wat op Eden Distriksraad ontstaan het as gevolg van die bedanking van die Demokratiese Alliansie se proporsionele verteenwoordiger, Me NP Ndayi op 22 Maart 2017.*
2. *Dat kennis geneem word dat van die skrywe gedateer 30 Maart 2017 ontvang vanaf die OVK rakende die vervanging van Rdl M Booysen as proporsionele raadslid op die Eden Distriksraad in die plek van Rdl NP Ndayi.*

ISIGQIBO

1. Sesokuba kuthathelwe ingqalelo ukuba kukho isithuba somsebenzi KwiBhunga Lesithili se Eden ngenxa yokulahla kuka Nkszn NP Ndayi njengomeli wesahlulelo wombutho we Democratic Alliance ngomhla 22 kweyoKwindla 2017.
2. Sesokuba incwadi yangomhla 30 kweyoKwindla 2017 efunyenwe kwi IEC ngokuphathelene nokungenela kuka Ceba M Booysen njengo Ceba oyi PR kwiBhunga Lesithili se Eden endaweni ka Ceba NP Ndayi, kuthathelwe ingqalelo.

DC 124/03/17 APPOINTMENT OF MEMBER TO SERVE ON THE DISTRICT HEALTH COUNCIL (DHC) / AANSTELLING VAN 'N LID OM OP DIE DISTRIK GESONDHEIDSKOMITEE TE DIEN (DGR)/ UKUCHONGWA KWELUNGU NELIZAKUHLALA KWIBHUNGA LEZEMPILO LESITHILI SE EDEN (DHC) (572242)

Refer: Report (13/R/133) dated 14 March 2017 from the Municipal Manager (MG Stratu) / Senior Admin Officer (E De Villiers)(p 57 – 63)

Cllr M Booysen proposed that Cllr E Meyer, with Cllr KS Lose as secundi be nominated to serve on the DHC. The proposal was seconded by Cllr TA Simmers.

Cllr MP Mapatiza proposed that Cllr KS Lose, as the Chairperson of Community Services, be nominated to serve on the DHC. The proposal was seconded by Cllr S De Vries.

Voting by the show of hands took place and the results were as follows:

Cllrs in favour of the proposal of Cllr Mapatiza	-	11
Cllrs in favour of the proposal of Cllr M Booysen	-	17
Abstention	-	1

RESOLVED

That in terms of Section (1)(a) of the Western Cape District Health Councils Act, 2010, the Deputy Executive Mayor, Cllr RH Ruiters with Cllr KS Lose as secondi, be appointed to serve as a member of the Eden District Health Council.

BESLUIT

Dat ingevolge die bepalinge van Artikel (1)(a) van die Wes-Kaapse Distriksgesondheidswet, 2010, die Uitvoerende Onder-Burgemeester, Rdl RH Ruiters, met Rdl KS Lose as sekundi aangestel word om as lid van die Eden Distrik Gesondheidskomitee te dien.

ISIGQIBO

Sesokuba ngokwemiqathango yoMhlathi (1)(a) Womthetho Webhunga Lezempilo Kwisithili Sentshona Koloni, uSekela Sodolophu, u Ceba RH Ruiters kunye noCeba Ks Lose njengesekela, banikwe imvume yokuhlala njengemalungu eBhunga Lezempilo Lesithili se Eden.

DC 125/03/17 NOMINATION OF COUNCILLOR REPRESENTATIVES TO SERVE ON THE SALGA PROVINCIAL WORKING GROUPS / NOMINASIE VAN RAADSLID VERTEENWOORDIGERS OM OP SALGA PROVINSIALE WERKSGROEPE TE DIEN/ ABAHCONGWA BABAMELI BEBHUNGA KWIQELA ELISEBENZAYO LIKA SALGA KWIPHONDO (572244)

Refer: Report (13/R/133) dated 14 March 2017 from the Municipal Manager (MG Stratu) / Senior Admin Officer (E De Villiers)(p 64 – 84)

Cllr P Van der Hoven proposed that the following councillors be nominated to serve on the respective Salga working groups:
The proposal was seconded by Cllr V Molosi

Cluster 1 - Cllr SS Mbandenzi
Cluster 2 – Cllr NF Kamte
Cluster 3 – Cllr T Teysi
Cluster 4 - MP Mapatiza

Cllr RE Spies proposed that the following councillors be nominated to serve on the respective Salga working groups:

The proposal was seconded by Cllr TA Simmers

Cluster 1 - Cllr KS Lose
Cluster 2 – Cllr TA Simmers
Cluster 3 – Cllr RH Ruiters
Cluster 4 - MP Lambaatjeen

Voting by the show of hands took place and the results were as follows:

Cllrs in favour of the proposal of Cllr Van der Hoven	-	11
Cllrs in favour of the proposal of Cllr Spies	-	17
Abstention	-	1

RESOLVED

1. That the following councillors and officials be nominated to serve on the respective Provincial Working Group Clusters of Salga:

Cluster 1 – Cllr KS Lose

Community Development and Social Cohesion - Mr C Africa

Economic Empowerment and Employment Creation – Mr T Mpuru

Cluster 2 – Cllr TA Simmers

Environmental Planning and Climate Resilience – Dr J Schoeman

Human Settlements and Municipal Planning – Mr W Fourie

Public Transport and Roads – Mr JC Ottervanger

Water, Sanitation and Waste Management and Electricity and Energy Planning – Mr M Hubbe

Urban Agenda and City Development Strategies -

Cluster 3 – Cllr RH Ruiters

Capacity Building and Institutional Resilience – Ms B Holtzhausen

Governance and Intergovernmental Relations – Mr R Davids

Councillor Welfare and Empowerment

International Programmes and Partnerships

Cluster 4 – Cllr JC Lambaatjeen

Municipal Finance and Fiscal Policy – Ms L Hoek

Municipal Innovations and Information Technology – Mr K Nieuwoudt

Trade and Investment Promotion

2. That it be noted that subsistence and travelling costs for the SALGA Provincial Working Group meetings will be covered by SALGA.

BESLUIT

1. *Dat die volgende raadslede en amptenare genomineer word om op die verskeie Werksgroepe van Salga te dien:*

Groep 1 – Rdl KS Lose

*Gemeenskapsontwikkeling en Sosiale Samenhorigheid – Mnr C Africa
Eonomiese Bemagtiging en Werkskepping – Mnr T Mpuru*

Groep 2 – Rdl TA Simmers

*Omgewingsbeplanning en Klimaatsverandering – Dr J Schoeman
Menslike Nedersettings en Munisipale Beplanning – Mnr W Fourie
Publieke Transport en Paaie – Mnr JC Ottervanger
Water, Sanitasie, Vaste Afvalbestuur, Elektrisiteit en Energiebeplanning – Mnr ME Hubbe
Stedelike Sake en Stadsontwikkelingstrategie*

Groep 3 – Rdl RH Ruiters

*Kapasiteitsbou en Institusionele Verandering – Me B Holtzhausen
Regerings- en Interregeringsverhoudinge – Mnr R Davids
Raadslid Welsyn en Bemagtiging
Internasionale Programme en Vennootskappe*

Groep 4 – Rdl JC Lambaatjeen

*Munisipale Finansies en Fiskale Beleid – Me L Hoek
Munisipale Vernuwing en Inligtingstechnologie – Mnr K Nieuwoudt
Handels- en Beleggingsbevordering*

2. *Dat kennis geneem word dat SALGA verantwoordelik is vir die uitgawes verbonde aan reis- en verblyfkoste vir die bywoning van bogenoemde vergaderings.*

ISIGQIBO

1. *Sesokuba iBhunga lichonge uceba kunye negosa lomasipala abazakuhlala kulamaqela alandelayo Amaqeala Asebenzayo ePhondo:*

Ihlokondiba 1 – Ceba KS Lose

*Uphuhliso Loluntu kunye Nobambiswano Ekuhlaleni – Mnu C Africa
Uphuhliso Kwezozoqosho kunye Nokuveliswa Kwemisebenzi – Mnu T Mpuru*

Ihlokondiba 2 – Ceba TA Simmers

Isicwangciso Ngokusingqongileyo kunye Notshintsho Kiwismo sezulu – Mnu J Schoeman
 Indawo Zokuhlaliswa Kwabantu kunye Nezicwangciso zoMasipala – MnuW Fourie
 Ezoththu Zoluntu kunye Nendlela – Mnu JC Ottervanger
 Amanzi, Ugutyulo kunye Nolawulo Lwenkunkuma kunye Nombane kunye Nesicwangciso Sezamandla – Mnu ME Hubbe
 Imiba Yezokuhlala kunye Nobuchule Bezophuhliso Lwesixeko

Ihlokondiba 3 – Ceba RH Ruiters

Ukwakho Isakhono kunye Nokufaneleko Kweziko – Nkzn B Holtzhausen
 Intsebenziswano Yezolawulo kunye Nendibaniselwano Yezolawulo – Mnr R Davids
 Impilo Yooceba kunye Nokuphuhliswa
 Inkqubo Zabamanye Amazwe kunye Nentsebenziswano

Ihlokondiba 4 – Ceba JC Lambaatjeen

Umgaqo Wemali zoMasipala kunye Nemali Zikarhulumente – Nkzn L Hoek
 Indlela Ezintsha zoMasipala kunye Nolwazi Lwezekhompetha – Mnu K Niewoudt
 Ukuphuhliswa Kwentengiso kunye Nokutyala

2. Sesokuba kuthathelwe ingqalelo indlelo zezohambo nezibonelelo kwintlanganiselo zeQela Elisebenzayo Lephondo le SALGA zizakuhlalwa yi SALGA.

DC 126/03/17 **NOMINATION OF A POLITICAL REPRESENTATIVE TO THE PROVINCIAL SALGA WOMEN'S COMMISSION / NOMINASIE VAN 'N POLITIEKE VERTEENWOORDIGER NA DIE SALGA VROUE KOMMISSIE / UKUCHONGWA KOMELI WEZOPOLITIKO KWIKOMISHONI YEPHONDO KA SALGA YEZAMANINA (572243)**
Refer: Report (13/R/133) dated 14 March 2017 from the Municipal Manager (MG Stratu) / Senior Admin Officer (E De Villiers)(p 85 – 88)

Proposed by Cllr P Van der Hoven and seconded by Cllr MP Mapitiza, it was

RESOLVED

1. That Councillor CN Lichaba, with Cllr D Xego as secundi, be nominated to serve on the Provincial SALGA Women Commission.

2. That it be noted that subsistence and travelling costs for the Provincial SALGA Women Commission gatherings will be covered by SALGA.

Voorgestel deur Rdl P Van der Hoven en gesecondeer deur Rdl MP Mapitiza, is daar

BESLUIT

1. *Dat Rdl CN Lichaba, met Rdl D Xego as sekundi, genomineer word as verteenwoordiger om op die Provinsiale SALGA Vrouekommissie te dien.*
2. *Dat kennis geneem word van die reëling dat SALGA verantwoordelik is vir die betaling van reis- en verblyfuitgawes ten opsigte van samekomste van die Provinsiale SALGA Vrouekommissie.*

Isiphakamiso senziwe ngu Ceba P Van der Hoven sasekelwa ngu Ceba T MP Mapitiza, sokuba,

ISIGQIBO

1. Sesokuba iBhunga lichonge umeli Ceba CN Lichaba wezopolitiko ukuba ahlale kwiKomishoni Yezamanina Yephondo ye SALGA.
2. Sesokuba kuthathelwe ingqalelo ukuba indleko zokutyelela nokuhalala zokuzimasa ezintlanganiso zeKomishoni Yephondo Yezamanina ka SALGA zizakuhlawulela yi SALGA.

DC 127/03/17 RESTRUCTURING OF SECTION 79 AND 80 COMMITTEES / HER-SAMESTELLING VAN ARTIKEL 80 EN 79 KOMITEES / UKUHLENGAEHLISWA KWEEKOMITI ZOMHLATHI 79 KUNYE 80 (572241)

Refer: Report (13/R/133) dated 14 March 2017 from the Municipal Manager (MG Stratu) / Senior Admin Officer (E De Villiers)(p 89 – 94)

Proposed by Cllr RE Spies and seconded by Cllr P Van der Hoven, it was

RESOLVED

That the nominated names of members to serve on the Section 79 and 80 Committees of Eden District Council in terms of Section 79 and 80 of the Local Government: Municipal Structures Act, 1998 Act 117 of 1998, as at 31 March 2017, be approved.

Voorgestel deur Rdl RE Spies en gesekondeer deur Rdl P Van der Hovens, is daar

BESLUIT

Dat die genomineerde name van lede wat op die Artikel 79 en 80 Komitees van Eden Distrikraad moet dien, goedgekeur word soos op 31 Maart 2017 ingevolge die bepalings van Artikel 79 en 80 van die Plaaslike Regering: Munisipale Strukturewet, 1998, Wet 117 van 1998.

Isiphakamiso senziwe ngu Ceba RE Spies sasekelwa ngu Ceba P Van der Hoven, sokuba,

ISIGQIBO

Sesokuba amagama aphakanyisiweyo amalungu azakuhlala kwiiKomiti zoMhlathi 79 kunye 80 zeBhunga Lesithili se Eden ngokwemiqathango yoMhlathi 79 woRhulumente Basekhaya: Umthetho Wesimo somasipala, umthetho wango 1998 umthetho 117 uphunyezwe.

DC 128/03/17 RECRUITMENT OF MEMBERS FOR THE AUDIT AND PERFORMANCE AUDIT COMMITTEE / WERWING VAN LEDE VIR DIE OUDIT EN PRESTASIE OUDITKOMITEE / UKUFUNWA KWAMALUNGU EKOMITI YEZOPHICOTHO KUNYE NOMSEBENZI WOPHICOTHO (569578)

Refer: Report (4/1/2/4/1) dated 03 March 2017 from the Office of the Acting Municipal Manager (C Africa) / Chief Audit Executive (J-W De Jager)(p 95 – 97)

Proposed by Cllr JC Lambaatjeen and seconded by Cllr BHJ Groenewald, it was

RESOLVED

That Council approves the commencement of the recruitment process in order to fill the two (2) APAC member positions that will become vacant on 1 September 2017.

Voorgestel deur Rdl JC Lambaatjeen en gesekondeer deur Rdl BHJ Groenewald, is daar

BESLUIT

Dat die Raad die aanvang van die werwingsproses goedkeur vir die aanstelling van twee (2) OPOK-lid posisies wat vanaf 1 September 2017 vakant sal wees.

Isiphakamiso senziwe ngu Ceba JC Lambatjeen sasekelwa ngu Ceba BHJ Groenewald, sokuba,

ISIGQIBO

Sesokuba iBhunga liphumeze ukuquhetyekeka kwenkqubo yokukhetha ngelinge lokuvala izithuba ezimbini zamalungu (2) e APAC nezizakuvuleka ngomhla 1 kweyoMsintsi 2017.

DC 129/03/17 REPORT FROM THE AUDIT AND PERFORMANCE AUDIT COMMITTEE ON PERFORMANCE MANAGEMENT FOR THE PERIOD 1 JULY 2016 TO 31 DECEMBER 2016 / VERSLAG VANAF DIE OUDIT EN PRESTASIE OUDITKOMITEE RAKENDE PRESTASIEBESTUUR VIR DIE PERIODE 1 JULIE 2016 TOT 31 DESEMBER 2016 / INGXELO YOLAWULO LOMSEBENZI KWIBHUNGA YEXESHA 1 KWEYOKHALA 2016 UYAKUTSHO 31 KWEYEMNGA 2016 (571038)

Refer: Report (4/1/2/4/1) dated 03 March 2017 from the Office of the Acting Municipal Manager (C Africa) / Chief Audit Executive (J-W De Jager)(p 98 – 105)

Proposed by Cllr BHJ Groenewald and seconded by Cllr P Van der Hoven, it was

RESOLVED

1. That Council takes notes of the Performance Management report from the Audit and Performance Audit Committee for quarter one (1) and quarter two (2) of the 2016/17 financial year.
2. That the Municipal Manager be requested to submit a report to the next Council meeting on remedial action plans to address all the concerns raised in the APAC report on performance management for quarter one (1) and two (2) in terms of the 2016/17 financial year.

Voorgestel deur Rdl BHJ Groenewald en gesekondeer deur Rdl P Van der Hoven, is daar

BESLUIT

1. *Dat die Raad kennis neem van die Prestasiebestuurverslag van die Oudit en Prestasie Ouditkomitee vir kwartaal een (1) en kwartaal twee (2) van die 2016/2017 finansiële jaar.*
2. *Dat die Munisipale Bestuurder versoek word aan die volgende raadsvergadering 'n verslag voor te lê rakende voorkomende aksieplanne ten einde die bekommernisse ten opsigte van prestasiebestuur soos uitgewys in die OPOK verslag vir kwartaal een (1) en kwartaal twee (2) vir die 2016/17 finansiële jaar, aan te spreek*

Isiphakamiso senziwe ngu Ceba BHJ Groenewald sasekelwa ngu Ceba P Van der Hoven, sokuba,

ISIQIBO

1. Sesokuba iBhunga lithathele ingqalelo ingxelo yoLawulo Lomsebenzi evela kwi Komiti Yezophicotho kunye Nophicotho Lomsebenzi kwikota 1 neye nekota 2 kunyakamali ka 2016/17.
2. Sesokuba uMphathi Masipala acelwe ukuba anikezele ngengxelo kwintanganiso elandelayo yeBhunga ngamanyathelo anokwenziwa ekukhawulelani nenxalabo eziye zaphakanyiswa kwingxelo ye APAC ngomsebenzi wabalawuli kwikota yokuqala (1) kunye neyesibini(2) ngokwemiqathango yonyakamali ka 2016/2017.

DC 130/03/17 REPORT ON INDIVIDUAL PERFORMANCE MANAGEMENT FOR 2016/2017 / VERSLAG RAKENDE INDIVIDUELE PRESTASIEBESTUUR VIR 2016/2017 / INGXELO NGOULAWULO LOMSEBENZI WOMNTU NGAMNYE 2016/2017 (569426)

Refer: Report (9/11/1) dated 16 March 2017 from the Office of the Acting Municipal Manager / Performance Management Officer (IG Saaiman)(p 106 – 109)

Proposed by Cllr BHJ Groenewald and seconded by Cllr S De Vries, it was

RESOLVED

1. That Council takes note of the development and implementation of Individual Performance Management.
2. That the Municipal Manager be requested to complete the outstanding evaluation processes and submit a progress report to the next Council meeting.

Voorgestel deur Rdl Groenewald en gesecondeer deur Rdl S De Vries, is daar

BESLUIT

1. *Dat die Raad kennis neem van die ontwikkeling en implementering van Individuele Prestasiebestuur.*
2. *Dat die Munisipale Bestuurder versoek word om die uitstaande ewaluasieprosesse af te handel en 'n vorderingsverslag aan die volgende raadsvergadering voorlê.*

Isiphakamiso senziwe ngu Ceba BHJ Groenewald sasekelwa ngu Ceba S De Vries, sokuba,

ISIGQIBO

1. Sesokuba iBhunga lithathele ingqalelo iziphumo kunye nokumiselwa koLawulo Lomsenzi Womntu Ngamnye.
2. Sesokuba uMphathi Masipala acelwe ukuba aqukumbele inkqubo yovavanyo engekagqitywa kwaye anikezele ingxelo kwintlanganiso elandelayo yeBhunga.

DC 131/03/17 **REPORT REGARDING REQUESTED CHANGES ON THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR 2016/17 /**
VERSLAG RAKENDE VOORGESTELDE VERANDERINGEN AAN DIE DIENSLEWERINGS-EN BEGROTING IMPLEMENTERINGSPLAN VIR 2016/17 /
INGXELO ISICELO IMBONO YENGUQU KUNIKEZELO LWENKONZO KUNY NESICWANGCISO SOKUMISELWA KOLWABIWO-MALI KU 2016/2017 (569421)

Refer: Report (9/11/1) dated 16 March 2017 from the Office of the Acting Municipal Manager / Performance Management Officer (IG Saaiman)(p 110 – 123)

Proposed by Cllr BHJ Groenewald and seconded by Cllr I Stemela, it was

RESOLVED

That Council approves the requested amendments and the revised Top Level Service Delivery and Budget Implementation Plan for the 2016/2017 financial year.

Voorgestel deur Rdl BHJ Groenewald en gesecondeer deur Rdl I Stemela, is daar

BESLUIT

Dat die Raad die voorgestelde veranderinge en die gewysigde Topvlak Dienslewering-en-Begroting Implementeringsplan vir die 2016/2017 finansiële jaar goedkeur.

Isiphakamiso senziwe ngu Ceba BHJ Groenewald sasekelwa ngu Ceba I Stemela, sokuba,

ISIGQIBO

Sesokuba iBhunga liphumeze isiphakamiso solungiso kunye nokuqwalaselwa Konikezelo Lwenkonzo Lwebakala eliphezulu kunye nesicwangciso Sokumiselwa Kolwabiwo-Mali kunyakamali ka 2016/2017.

DC 132/03/17 **DRAFT TOP LEVEL SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR 2017/2018 / KONSEP TOPVLAK DIENSLEWERING EN BEGROTING IMPLEMENTERINGSPLAN VIR 2017/2018 / UYILO LONIKEZELO LWENKOZNO LWEBAKALA OLUPHEZULU KUNYE NESICWANGCISO SOLWABIWO-MALI KU 2017/2018 (570456)**

Refer: Report (9/11/1) dated 07 March 2017 from the Office of the Acting Municipal Manager / Performance Management Officer (IG Saayman)(p 124 – 136)

Proposed by Cllr TA Simmers and seconded by Cllr BHJ Groenewald, it was

RESOLVED

1. That Council takes note that the draft Top Level Service Delivery and Budget Implementation Plan for the 2017/2018 financial year has been tabled.
2. That a draft Service Delivery and Budget Implementation Plan for Eden District Municipality be compiled in order to address the changes and ensures the alignment with the new Integrated Development Plan.
3. That the draft Service Delivery and Budget Implementation Plan mentioned in two (2) above, be submitted to a Council Workshop.

Voorgestel deur Rdl TA Simmers en gesekondeer deur Rdl BHJ Groenewald, is daar

BESLUIT

1. *Dat die Raad kennis neem dat die konsep Dienslewering-en Begroting Implementeringsplan vir die 2017/2018 finansiële jaar voorgelê was.*
2. *Dat 'n konsep Dienslewering-en Begrotingimplementeringsplan vir Eden Distriksmunisipaliteit opgestel word ten einde die veranderinge aan te spreek en om te verseker dat die plan in lyn gebring word met die nuwe Geïntegreerde Ontwikkelingsplan.*
3. *Dat die konsep Dienslewering-en Begroting Implementeringsplan genoem in twee (2) hierbo na 'n Raadswerkswinkel verwys word.*

Isiphakamiso senziwe ngu Ceba TA Simmers sasekelwa ngu Ceba BHJ Groenewald, sokuba,

ISIGQIBO

1. Sesokuba iBhunga lithathele ingqalelo uyilo Lwebakala Eliphezulu Lonikezelo Lwenkonzo kunye nesicwangciso soLwabiwo-Mali kunyakamali ka 2017/2018.
2. Sesokuba uyilo Lonikezelo Lwenkonzo kunye Nesicwangciso Sokumiselwa koLwabiwo-Mali loMasipala Wesithili se Eden luqulunqwe ukujongana nemicelimngeni kunye nasekuqinisekiseni ulungelelwano kunye nesiCwangciso Esitsha Sophuhliso Lwendibaniselwano.
3. Sesokuba uyilo Lonikezelo Lwenkonzo kunye Nesicwangciso Sokumiselwa koLwabiwo-Mali nokuphawulwe ngasentla kwisibini(2), kusiwe kuQeqesho LweBhunga.

DC 133/03/17 **ELECTION OF COUNCILLOR REPRESENTATIVE TO THE ANNUAL GENERAL MEETING OF THE LA RETIREMENT FUND / VERKIESING VAN RAADSLIDVERTEENWOORDIGING NA DIE ALGEMENE JAARVERGADERING VAN DIE LA AFTREEFONDS / UKUCHONGWA KUKACEBA OZAKUMELA IBHUNGA KWINTLANGANISO JIKELELE YONYAKA YENGXOWA YOMHLALAPHANTSI YE LA (565802)**

Refer: Report (9/5/2/5) dated 14 February 2017 from the Executive Manager: Corporate / Strategic Services (B Holtzhausen): HR Practitioner (L Janse van Rensburg)(p 137 – 144)

Proposed by Cllr P Van der Hoven and seconded by Cllr MP Mapitiza, it was

RESOLVED

That Councillor NF Kamte, with Cllr D Xego as secundi, be nominated to attend the Annual General Meeting of the LA Retirement Fund in Bellville on Friday, 26 May 2017.

Voorgestel deur Rdl P Van der Hoven en gesecondeer deur Rdl MP Mapitiza, is daar

BESLUIT

Dat Raadslid NF Kamte, met Rdl D Xego as sekundis, aangewys word om die Algemene Jaarvergadering van die LA Aftreefonds by te woon op Vrydag, 26 Mei 2017 te Bellville.

Isiphakamiso senziwe ngu Ceba P Van der Hoven sasekelwa ngu Ceba MP Mapitiza, sokuba,

ISIQIBO

Sesokuba uCeba NF Kamte, kunye noCeba D Xego njengesekela kakhe, bachongwe ukuyakuzimasa Intlanganiso Yonyaka Jikelele ye LA Retirement Fund e Bellville ngoLwesihlanu, 26 kuCanzibe 2017.

DC 134/03/17 **OVERSIGHT REPORT FOR THE 2015/2016 FINANCIAL YEAR / OORSIGVERSLAG VIR DIE 2015/2016 FINANSIËLE JAAR / INGXELO YONYAKA KA KUNYAKA MALI KA 2015/2016 (570765)**

Refer. Report (10/1/1) dated 09 March 2017 from the Chairperson of MPAC (Cllr V Gericke)(p 145 – 204)

On request from Cllr V Gericke, the meeting adjourned for a caucus at 14:05 to 14:38.

With the recommencement of the meeting, Cllr Gericke reported as follows:

- MPAC agreed to amend the recommendations in the report by deleting/take out recommendations 4 and 5 and that recommendation 6 be amended to read as follows:

"That the Municipal Manager and officials be requested to submit quarterly reports with action plans to APAC and timeframes which addresses all concerns/issues raised by the Auditor-General and APAC, to APAC.

Cllr Gericke further requested that the Lefatshe matter, WorleyParsons and Van der Berg Transport & Volmoed Quarries CC under reservations, be removed from the report.

Cllr Gericke proposed that the Oversight Report with the amendmends mentioned above, be accepted.

The report was debated thoroughly by Council and that it was agreed that the reservation changed to concerns.

On request of the ANC component, the meeting adjourned at 15:19 to 15:27 for a caucus.

With the recommencement of the meeting, Cllr P Van der Hoven proposed that the report be referred back in order to comply with the guidelines of national treasury and that the Oversight Report be tabled at a Special Council meeting. The proposal was seconded by Cllr S De Vries.

Cllr M Booysen proposed that the report be adopted without reservations and that the concerns raised in the audit report, and all other concerns raised, be brought back to Council. The proposal was seconded by Cllr Spies.

Voting by the show of hands took place and the results were as follows:

Cllrs in favour of the proposal of Cllr Van der Hoven	-	11
Cllrs in favour of the proposal of Cllr Booysen	-	14
Abstention	-	1

RESOLVED

1. That Council, after having fully considered the Annual Report of the municipality and representations thereon, adopts the oversight report and the 2015/2016 Annual Report without reservations, as contained in the report.
2. That the Accounting Officer, in accordance with Section 21 (a) of the Municipal Systems Act, make the oversight report public within seven (7) days of its adoption.
3. That the Accounting Officer of a municipality must submit the Oversight Report to the provincial legislature within seven (7) days.
4. That the Municipal Manager and officials be requested to submit quarterly reports with action plans and timeframes to APAC which addresses all concerns/issues raised by the Auditor-General and APAC.

BESLUIT

1. *Dat die Raad, na voldoende oorweging, die 2015/16 Jaarverslag van die munisipaliteit en voorleggings hierin, die Oorsig verslag sonder voorbehoud aanvaar, soos vervat in die verslag.*
2. *Dat die Rekenpligtige Beampte, in gevolge Artikel 21 (a) van die Munisipale Stelselwet, die Oorsigverslag publiseer binne sewe (7) dae na aanvaarding daarvan.*
3. *Dat die Rekenpligtige Beampte van die munisipaliteit die Oorsigverslag binne sewe (7) dae aan die Provinsiale Wetgewer voorsien.*
4. *Dat die Munisipale Bestuurder en amptenare versoek word om kwartaalverslae met aksieplanne en tydsraamwerke wat die bekommernisse/aangeleenthede aanspreek, soos deur die Ouditeur-Generaal en Oudit & Prestasie Ouditkomitee.*

ISIGQIBO

1. Sesokuba iBhunga, emveni kokuba liqwalasele ngokubanzi ingxelo yonyaka yomasipala kunye nonikezelo lwengxelo ngayo, lamkele ngaphandle kwezibonelelo ingxelobanzi kunye Nengxelo Yonyaka ka 2014/2015 ngobunono.
2. Sesokuba Igosa Elisegunyeni, ngokulandelwa ngoMhlathi 21(a) womThetho Wenkqubo zoMasipala, wenze ingxelo banzi nezokunikezelwa eluntwini kwintsuku ezisixhenxe yabe yamkele.
3. Sesokuba Igosa Elisegunyeni kumasipala kufuneka linikezele Nengxelo Ebanzi ephondweni kwintsuku esisixhenxe.
4. Sesokuba uMphathi Masipala kunye namagiosa bacele ukuba banikezele ngengxelo zabo zekota kunye nezicwangciso zamanyathelo kunye namaxesha amisiweyo okukhawulelalani nalemicemlimngeni/ezingxaki neziye zaphakanyiswa kuMphicothi Jikelele kunye ne APAC kwi MPAC.

DC 135/03/17 **ANNUAL REPORT: 2015/16 FINANCIAL YEAR / JAARVERSLAG: 2015/16 FINANSIËLE JAAR / LWENGXELO YON YAKA: KUNYAKA MALI KA 2015/16 (564328)**

Refer: Report (10/1/1) dated 22 March 2017 from the Executive Manager: Corporate / Strategic Services (B Holtzhausen) / Manager Strategic Services (M Wilson)(p 205 – 208)

RESOLVED

That Council accepted the 2015/16 Annual Report.

BESLUIT

Dat die Raad die 2015/16 Jaarverslag aanvaar.

ISIGQIBO

Sesokuba Nengxelo Yonyaka ka 2014/2015 ngobunono.

DC 136/03/17 **REPORT ON THE PROPOSED CHANGES TO THE SCHEDULE OF COUNCIL AND COMMITTEE MEETING DATES FOR 2017 / VERSLAG RAKENDE DIE VOORGESTELDE WYSIGINGS AAN DIE SKEDULE VAN RAAD EN KOMITEE DATUMS VIR 2017 / INGXELO YESIPHAKAMISO SENGUQU YOLUDWE LWEENTLANGANISO ZEBHUNGA NEEKOMITI KUNYAKA KA 2017 (572144)**

Refer. Report (9/5/2/5) dated 16 March 2017 from the Executive Manager. Corporate / Strategic Services (B Holtzhausen)(p 209 – 212)

RESOLVED

That the following changes to the proposed meeting schedule and cycle for 2017 in respect of the Section 80 Committees be approved and implemented with effect from 01 April 2017:

- Roads & Transport Planning Committee move to Mondays at 14:00
- Financial and Community Services Committees move to Tuesdays at 10:00 and 14:00 respectively
- District Economic Development & Tourism and Property Management & Development Committees move to Wednesdays at 10:00 and 14:00 respectively
- Times of Corporate and Strategic Services Committees move to Thursdays at 10:00 and 14:00 respectively

BESLUIT

Dat die volgende wysigings aan die voorgestelde vergaderingsdatums en siklus vir 2017 ten opsigte van die Artikel 80 Komitees goedgekeur en met ingang 01 April 2017 implementeer word:

- Paaie & Vervoer Beplanningskomitee skuif na Maandae om 14:00
- Finansiële en Gemeenskapsdienskomitees skuif na Dinsdae om 10:00 en 14:00 onderskeidelik
- Distrik Ekonomiese Ontwikkeling & Toerisme en Eiendomsbestuur & Ontwikkelingskomitees skuif na Woensdae om 10:00 en 14:00 onderskeidelik
- Tye van Korporatiewe en Strategiese Dienstekomitees skuif na Donderdae om 10:00 en 14:00 onderskeidelik

ISIGQIBO

Sesokuba ezinguqu zilandelayo ziphakanyisiweyo kwintlanganiso ezimiseliweyo kunye nexesha lika 2017 ngokuphathelene neKomiti zoMhlathi 80 ziphunyezwe kwaye zimiselwe ukususela ngomhla 01 kuTshazimpunzi 2017:

- Ezendlela kunye Nezicwangciso Zezothutho isiwe ngeMivulo ngo 14:00
- Ikomiti Yezemali kunye Nenkonzo Zoluntu zisiwe kuLwesibini ngo 10:00 nango 14:00
- D Uphuhliso Lwezoqoqosho Lwesithili kunye Nezokhenketho kunye Nekomiti Yolawulo Lwezomhlaba kunye Nophuhliso zisiwe kuLwesithathu ngo 10:00 nango 14:00
- Amaxesha eKomiti Yenkonzo Zolawulo kunye Nobuchule zisiwe kuLwesine ngo 10:00 nango 14:00

DC 137/03/17 **EDEN DISTRICT WASTE MANAGEMENT POLICY AND BY-LAW / EDEN DISTRIK AFVALBESTUURSBELEID EN VERORDENING / UMGAQO WOLAWULO LWENKUNKUMA WOMASIPALA WESITHILI SE EDEN KUNYE NEMIMISELO (570299)**

Refer: Report (17/5/1/1) dated 01 March 2017 from the Acting Executive Manager Community Services (G Otto) Manager District Waste Management (ME Hubbe)(p 213 – 276)

RESOLVED

That the report be withdrawn from the agenda.

BESLUIT

Dat die verslag onttrek word van die agenda.

ISIGQIBO

Sesokuba lengxelo irhoxiswe kwi agenda

DC 138/03/17 **REPORT ON THE TERMS OF REFERENCE (TOR) FOR THE EDUCATION TRAINING AND DEVELOPMENT COMMITTEE / VERSLAG RAKENDE DIE TERME VAN VERWYSING (TVV) VIR DIE ONDERWYS, OPLEIDING EN ONTWIKKELINGSKOMITEE / INGXELO NGEMITHETHO NEMIGQALISELO YEBUTHO LEZEMFUNDO UQEQESHO KUNYE NOPHUHLISO (566245)**

Refer: Report (9/4/4/1) dated 10 March 2017 from the Executive Manager Corporate/Strategic Services (B Holtzhausen) / Assistant HR Manager (C Scheepers)(p 277 – 285)

Proposed by Cllr S De Vries and seconded by Cllr RE Spies, it was

RESOLVED

That the Terms of Reference (TOR) for the Education, Training and Development Committee be approved.

Voorgestel deur Rdl S De Vries en gesecondeer deur Rdl RE Spies, is daar

BESLUIT

Dat die Terme van Verwysing (TVV) vir die Onderwys, Opleiding en Ontwikkelingskomitee goedgekeur word.

Isiphakamiso senziwe ngu Ceba S De Vries sasekelwa ngu Ceba RE Spies, sokuba,

ISIGQIBO

Sesokuba Imithetho Nemigqaliselo Yebutho Lezemfundo , uQeqesho kunye Nophuhliso iphunyezwe.

DC 139/03/17 **STAFF PLACEMENTS ON THE 2016/17 MICRO ORGANISATIONAL STRUCTURE / PERSONEELPLASINGS OP DIE 2016/17 MIKRO ORGANISASIE STRUKTUUR / UKUBEKWA KWABASEBENZI KWISIMO SEZOLAWULO KUNAYAKAMALI KA 2016/2017 (564449)**

Refer: Report (9/8/6) dated 10 March 2017 from the Executive Manager Corporate/Strategic Services (B Holtzhausen) / Reward & Recognition Practitioner (L Janse Van Rensburg)(p 286 – 288)

RESOLVED

1. That the placement process of staff on the 2016/17 micro organizational structure be noted.
2. That it be considered to remove the unfunded vacant posts from the structure.

3. That an additional post of Operator: Construction be added to the structure of the Road Services Department to have 12 x Operators and not 11 x Operators as previously approved.

BESLUIT

1. *Dat kennis geneem word van die 2016/17 plasingsproses.*
2. *Dat oorweging geskenk word om die onbefondse vakatures vanaf die struktuur te verwyder.*
3. *Dat 'n addisionele Operateur: Konstruksie geskep word op die Paaie Dienste Departement se struktuur om sodoende die 11 x Operateurs na 12 x Operateurs te wysig.*

ISIGQIBO

1. Sesokuba inkqubo yokubekwa kwabasebenzi kwisimo sezoalwilo sika 2-016/2017 kuthathelwe ingqalelo.
2. Sesokuba kucingwe ngokususwa kwezithuba zomsebenzi ezingekho kulwabiwo mali kwisimo sezolawulo.
3. Sesokuba kongezwe ngesikhundla Umsebenzi: Ulwakhiwo songezwe kwisimo sezolawulo kwiSebe Lenkonzo Zendlela kubekho Abasebenzi 12 hayi abayi 11 njengoko bekuphunyeziwe ngaphambili.

DC 140/03/17 **STATUS QUO RIVISION OF EDEN DM SPATIAL DEVELOPMENT FRAMEWORK (SDF) / STATUS QUO HERSIENING VAN EDEN DM RUIMTELIKE ONTWIKKELINGSRAAMWERK / UKUQWALSELWA NGOKUTSHA KWESIMO ESIKHOYO SOMASIPALA WE EDEN KWINDLEAL YOKUSEBENZA YOPHURLISO OLUPHANGALELEYO (572188)**

Refer: Report (8/3) dated 17 March 2017 from the Executive Manager Community Services (C Africa) / Manager: Property Development, Planning and Resorts (W Fourie)(p 289 – 303)

RESOLVED

That the status quo report on the progress in the revision of the Spatial Development Framework be noted.

BESLUIT

Dat daar kennis geneem word van die status quo verslag rakende die vordering in die hersiening van die Ruimtelike Ontwikkelingsraamwerk.

ISIGQIBO

Sesokuba ingxelo ngenkqubelo yesimo esikhoyo kuqwalaselo Lwendlela Yokusebenza Yophuhliso Oluphangaleleyo ithathele ingqalelo.

DC 141/03/17 **EDEN DRAFT 2017/2018–2021/2022 FOURTH GENERATION
INTEGRATED DEVELOPMENT PLAN (IDP) / EDEN KONSEP
2017/2018-2021/2022 VIERDE GENERASIE GEÏNTEGREERDE
ONTWIKKELINGSPLAN (GOP) / UYILO LWE EDEN LUKA 2017/2018-
2021/2022 ISICWANGCISO SESIZUKULWANA SESINE
SENDIBANISELWANO YOPHUHLISO (570902)**

Refer: Report (16/8/2) dated 10 March 2017 from the Executive Mayor (Cllr M Booysen) (p 304 – 306)

The draft IDP was provided to councillors on CD format. Councillors raised their concerns as all councillors do not have tools of trade or have access to it. The matter was thoroughly debated and it was agreed that the matter be discussed at the Governance Committee.

Proposed by Cllr M Booysen and seconded by Cllr RH Ruiters, it was

RESOLVED

1. That Council notes the tabling of the Draft IDP 2017/2018 – 2021/2022.
2. That the public participation process as contained in the approved process plan, be implemented.

Vorgestel deur Rdl M Booysen en gesecondeer deur Rdl RH Ruiters, is daar

BESLUIT

1. *Dat die Raad kennis neem van die voorlegging van die Konsep 2017/2018 – 2021/2022 GOP.*
2. *Dat die publieke deelnameproses soos vervat in die goedgekeurde prosesplan, implementeer word.*

Isiphakamiso senziwe ngu Ceba M Booysen sasekelwa ngu Ceba RH Ruiters, sokuba,

ISIGQIBO

1. Sesokuba I Bhunga lithathele ingqalelo ukuthiwa theca Koyllo lwe IDP ka 2017/2018-2021/2022.

2. Sesokuba uthabatho nxaxheba loluntu njengokuqulathwe kwisicwangciso senkqubo ephunyeziweyo, kumiselwe.

DC 142/03/17 **DRAFT MULTI YEAR BUDGET FOR 2017/18; 2018/19; 2019/20 / KONSEP MEERJARIGE BEGROTING VIR 2017/18; 2018/19; 2019/20 / UYILO LOHLAHLO-LWABIWOMALI OLUPHINDAPHINDENEYO KU 2017/2018; 2018/2019; 2019/2020 (572263)**

Refer: Report (6/1/1/1-16-17) dated 16 March 2017 from the Accounting Officer (MG Stratu)(p 307 – 313)

Proposed by Cllr M Booysen and seconded by Cllr P Van der Hoven, it was

RESOLVED

1. That Council notes the draft Budget for 2017/18 as tabled by the Executive Mayor.
2. That the draft Budget be advertised in terms of Section 22 of the Local Government Municipal Finance Management Act, Act 56 of 2003.
3. That the process of consultation be initiated in terms of Section 23 of the Local Government Municipal Finance Management Act, Act 56 of 2003.
4. That a budget workshop be arranged for the first week in May 2017, after comments from the public has been received.

Voorgestel deur Rdl M Booysen en gesecondeer deur Rdl P Van der Hoven, is daar

BESLUIT

1. *Dat die Raad kennis neem van die konsep begroting vir 2017/18 soos voorgelê deur die Uitvoerende Burgemeester.*
2. *Dat die konsep begroting adverteer word in terme van Artikel 22 van die Plaaslike Regering Munisipale Finansiële Bestuurswet, Wet 56 van 2003.*
3. *Dat die prosesse van konsultasie geïnisieer word in terme van Artikel 23 van die Plaaslike Regering Munisipale Finansiële Bestuurswet, Wet 56 van 2003.*
4. *Dat 'n begroting werkswinkel gereël word vir die eerste week in Mei 2017, nadat kommentaar van die publiek ontvang is.*

Isiphakamiso senziwe ngu Ceba M Booysen sasekelwa ngu Ceba P Van der Hoven, sokuba,

ISIGQIBO

1. Sesokuba Sesokuba iBhunga lithathele ingqalelo uyilo Lolwabiwo-Mali luka 2017/2018 njengoko luthiwe theca ngu Sodolophu Obekekileyo.
2. Sesokuba uyilo Lolwabiwo-Mali lubhengezwe ngokwemiqathango yoMhlathi 22 Womthetho Wolawulo Lwemali Zorhulumente Wakheya kuMasipala, uMthetho 56 wango 2003.
3. Sesokuba inkqubo yoqhagamshelwano uqulunqwe ngokwemiqathango yoMhlathi 23 Womthetho Wolawulo Lwemali Zorhulumente Wakheya kuMasipala, uMthetho 56 wango 2003.
4. Sesokuba kubanjwe uqeqesho lolwabiwo-mali kwiveki yokuqala kuCanzibe 2017 emveni kwezimvo zoluntu zifunyenwe.

DC 143/03/17

REPORT TO COUNCIL ON THE DECLARATION OF THE EDEN DISTRICT (KNYSNA) AS A LOCAL DISASTER AREA / VERSLAG AAN DIE RAAD RAKENDE DIE VERKLARING VAN EDEN DISTRIK (KNYSNA) AS 'N PLAASLIKE RAMPSGEBIED / INGXELO KWIBHUNGA NGOKUBHENGESWA KWESITHILI SE EDEN (KNYSNA) NJENGE NGINGQI YENTLEKELE (573793)

Refer: Report (18/2/6/4) dated 28 March 2017 from the Executive Manager Community Services (C Africa) / Manager Disaster Management (G Otto)(p 314 – 349)

RESOLVED

1. That the current drought situation within the Eden district (Knysna municipal area) be noted.
2. That the request for the declaration of the Eden District (Knysna Local Municipal area) as a local disaster area, be supported.
3. That the Eden District Disaster Management Centre be mandated to coordinate the short as well as long term interventions needed to address this crisis.

BESLUIT

1. *Dat daar kennis geneem word van die droogte situasie in die Eden Distrik met spesifieke verwysing na die Knysna Munisipale area.*

2. *Dat die versoek tot die verklaring van die Eden Distrik (Knysna Munisipale area) as plaaslike rampgebied ondersteun word.*
3. *Dat die Eden Rampbestuur sentrum gemandateer word om the kort sowel as lang termyn intervensies ten opsigte van die aanspreek van hierdie ramp te koördineer.*

ISIGQIBO

1. Sesokuba isimo esikhoyo sembhalela kwisithili se Eden (ingingqi yomasipala wase Knysna) sithathelwe ingqalelo.
2. Sesokuba isicelo sokubhengeza isithili se Eden(ingingqi yoMasipala wase Knysna) njenge ngingqi yentlekela, kuxhaswe.
3. Sesokuba iziko Lolawulo Lwentlekele Lesithili se Eden ligunyaziswe ukuququzelela ungenelelo lwexesha elifutshane kuquka nolwexesha elide ukujongana nalomcelimngeni.



**DISTRICT MUNICIPALITY
UMASIPALA WESITHILI
DISTRIKSMUNISIPALITEIT**

**Notule van 'n
Spesiale Raadsvergadering
van die 2016/2021 termyn
van Eden gehou in die CA Robertson Raadsaal,
Eden Distriksmunisipaliteit, Yorkstraat 54, George, op
Maandag, 24 April 2017 om 12:00**

*Minutes of a
Special Council Meeting of the 2016/2021
term of Eden held in the CA Robertson Council Chamber,
Eden District Municipality, 54 York Street, George, on
Monday, 24 April 2017 at 12:00*

**Imizuzu
Yentlangano Ekhethekileyo yeBhunga yexesha 2016/2021
le Eden nebibanjwe kwiGumbi leBhunga CA Robertson,
kuMaisipala Wesithili se Eden, 54 York Street, e George
ngoMvulo, 24 kuTshazimpunzi 2017 ngentsimbi 12:00**

PRESENT / TEENWOORDIG / ABAKHOYO

Cllr / Rdl / Ceba RE Spies	-	DA
Cllr / Rdl / Ceba TA Simmers	-	DA
Cllr / Rdl / Ceba D Saayman	-	DA
Cllr / Rdl / Ceba BN Van Wyk	-	DA
Cllr / Rdl / Ceba AJ Rossouw	-	DA
Cllr / Rdl / Ceba T Van Rensburg	-	DA
Cllr / Rdl / Ceba N Ndayi	-	DA
Cllr / Rdl / Ceba KS Lose	-	DA
Cllr / Rdl / Ceba CN Lichaba	-	ANC
Cllr / Rdl / Ceba S De Vries	-	ANC
Cllr / Rdl / Ceba NF Kamte	-	ANC
Cllr / Rdl / Ceba MP Mapitiza	-	ANC
Cllr / Rdl / Ceba D Xego	-	ANC
Cllr / Rdl / Ceba T Fortuin	-	ICOSA
Cllr / Rdl / Ceba NC Jacob	-	Bitou Municipality
Cllr / Rdl / Ceba M Booysen	-	Bitou Municipality
Cllr / Rdl / Ceba I Stemela	-	George Municipality(joined at 12:34)
Cllr / Rdl / Ceba S EH Stroebel	-	George Municipality
Cllr / Rdl / Ceba RGS Figland	-	George Municipality (joined at 12:48)
Cllr / Rdl / Ceba PJ Van der Hoven	-	George Municipality
Cllr / Rdl / Ceba T Teyisi	-	George Municipality
Cllr / Rdl / Ceba V Gericke	-	George Municipality
Cllr / Rdl / Ceba JP Johnson	-	Kannaland Municipality
Cllr / Rdl / Ceba L Tyokolo	-	Knysna Municipality
Cllr / Rdl / Ceba MS Willemse	-	Knysna Municipality
Cllr / Rdl / Ceba MV Molosi	-	Knysna Municipality
Cllr / Rdl / Ceba SM Odendaal	-	Hessequa Municipality
Cllr / Rdl / Ceba BHJ Groenewald	-	Mossel Bay Municipality
Cllr / Rdl / Ceba E Meyer	-	Mossel Bay Municipality
Cllr / Rdl / Ceba RH Ruiters	-	Mossel Bay Municipality
Cllr / Rdl / Ceba SS Mbandezi	-	Mossel Bay Municipality
Cllr / Rdl / Ceba JC Lambaatjeen	-	Oudtshoorn Municipality
Cllr / Rdl / Ceba RR Wildschut	-	Oudtshoorn Municipality

OFFICIALS / AMPTENARE / AMAGOSA

Mr / Mnr / Mnu MG Stratu	-	Municipal Manager
Mr / Mnr / Mnu JC Ottervanger	-	Executive Manager Roads Services
Ms / Me / Nkzn B Holtzhausen	-	Executive Manager Corporate/Strategic Services
Ms / Me / Nkzn L Hoek	-	Executive Manager Financial Services
Mr / Mnr / Mnu C Africa	-	Executive Manager Community Services
Ms / Me / Nkzn DD October	-	Chief Administration Officer
Ms / Me / Nkzn N Davids	-	Manager Legal Services
Mr / Mnr / Mnu B Desha	-	Translator/Interpreter/Committee Officer

OPENING AND WELCOME / OPENING EN VERWELKOMING / UVULO NOLWAMKELO

Cllr NS Ndayi opened the meeting with prayer where after the Speaker, Cllr MS Willemse, welcomed everyone present at the meeting.

DC 145/04/17 APPLICATIONS FOR LEAVE OF ABSENCE / AANSOEKE OM VERLOF TOT AFWESIGHEID / IZICELO ZOKUNGAZIMASI

Cllr / Rdl / Ceba IT Mangaliso
Cllr / Rdl / Ceba K Windvogel

COUNCILLORS ABSENT WITHOUT LEAVE / RAADSLEDE AFWESIG SONDER VERLOF / OCEBA ABANGEKHOYO NGAPHANDLE KWEMVUME

None / Geen / Abekho

DC 146/04/17 COMMUNICATIONS BY THE SPEAKER / MEDEDELINGS DEUR DIE SPEAKER / UNXIBELELWANO LOSOMLOMO

None / Geen / Abekho

DC 147/04/17 COMMUNICATIONS BY THE EXECUTIVE MAYOR / MEDEDELINGS DEUR DIE UITVOERENDE BURGEMEESTER / UNXIBELELWANO LUKA SODOLOPHU

None / Geen / Abekho

**DC 148/04/17 COMMUNICATIONS BY THE MUNICIPAL MANAGER /
MEDEDELINGS DEUR DIE MUNISIPALE BESTUURDER /
UNXIBELELWANO LUKA
SODOLOPHU**

None / Geen / Abekho

**DC 149/04/17 DECLARATION OF INTEREST BY COUNCILLORS AND OFFICIALS /
VERKLARING VAN BELANGE DEUR RAADSLEDE EN AMPTENARE /
UKUCHAZWA KWENJONGO NGOOCEBA KUNYE NAMAGOSA**

All councillors present regarding item DC 151/04/17 on the agenda.
Mr C. Africa and Ms B Holtzhausen regarding item DC 152/04/17 on the agenda.

**DC 150/04/17 VACANCY: SECTION 79 COMMITTEE: MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC) / VAKATURE: ARTIKEL 79
KOMITEE: MUNISIPALE PUBLIEKE REKENINGEKOMITEE (MPRK) /
ISITHUBA SOMSEBENZI: IKOMITI YOMHLATHI 79 (MPAC) (574998)
*Refer: Report dated 03 April 2017 from the Municipal Manager (MG Stratu)(p 1 – 3)***

Proposed by Cllr P Van der Hoven and seconded by Cllr TA Simmers, it was

RESOLVED

That in terms of Section 79 of the Municipal Structures Act, Act 177 of 1998, Cllr CN Lichaba be nominated to serve as chairperson of MPAC.

Voorgestel deur Rdl P Van der Hoven en gesekondeer deur Rdl TA Simmers, is daar

BESLUIT

Dat Raadslid CN Lichaba genomineer word om ingevolge die bepalings van Artikel 79 van die Munisipale Strukturewet, Wet 117 van 1998, as voorsitter van MPAC te dien.

Isiphakamiso senziwe ngu Ceba P Van der Hoven wasekelwa ngu Ceba TA Simmers, ukuba

ISIGQIBO

Sesokuba ngokwemiqathango yoMhlathi 790 Womthetho Wesomo soMasipala, uMthetho 177 wango 1998, u Ceba CN Lichaba achongwe njengosihlalo we MPAC.

DC 151/04/17 DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF COUNCILLORS: RETROSPECTIVELY FROM 1 JULY 2016 / BEPALING VAN BO-PERKE VAN SALARISSE, TOELAES EN VOORDELE VAN RAADSLEDE: TERUGWERKEND VANAF 1 JULIE 2016 / UKUQWALASELA KWEBAKALA LEMIVUZO EPHEZULU, IZIBONELELO NEENGENELO ZOOCEBA: UKUSUSELE NGOMHLA 1 KWEYEKHALA 2016

Refer: Report (6/9/1/1) dated 05 April 2017 from the Municipal Manager (MG Stratu)(p 4 – 26)

Proposed by Cllr M Booysen and seconded by Cllr JC Lambaatjeen, it was

RESOLVED

1. That the contents of Notice no. 313 promulgated by Government Gazette No 40763 of 03 April 2017 be noted.
2. That it be noted that Notice no. 313 promulgated by Government Gazette No 40763 of 03 April 2017 takes effect from 1 July 2016.
3. That the increase as gazetted and budgeted for on a grade 5 municipality, be approved for the 2016/2017 financial year backdated from 1 July 2016.
4. That the Western Cape Minister of Local Government be informed that Council approved the upper limits of councillor remuneration for a category 5 Council with effect from 1 July 2016, as promulgated by means of Notice 313 in Government Gazette No 40763 of 03 April 2017.
5. That the payment of the proposed salaries and allowances to councillors will take effect, after the Minister has pronounced his consent.
6. That it be noted that when a councillor fails to submit the required details pertaining to special risk insurance cover, such a councillor will forfeit the benefits associated with the special risk insurance cover.

Voorgestel deur Rdl M Booysen en gesecondeer deur Rdl JC Lambaatjeen, is daar

BESLUIT

1. *Dat kennis geneem word van die inhoud van Kennisgewing 313 afgekondig in Staatskoerant 40763 van 03 April 2017.*

2. *Dat kennis geneem word dat Kennisgewing 313 afgekondig in Staatskoerant 40763 van 03 April 2017 op 1 Julie 2016 in werking gestel is.*
3. *Dat die salarisaanpassing soos afgekondig en begroot is vir 'n graad 5 munisipaliteit, vir die 2016/2017 finansiële jaar goedgekeur en vanaf 1 Julie 2016 geïmplementeer word.*
4. *Dat die Wes-Kaap se Minister van Plaaslike Regering in kennis gestel word dat die Raad die verhoging van raadslede se salarisse vir 'n kategorie 5 raad met ingang van 1 Julie 2016, soos afgekondig in Kennisgewing 313 van die Staatskoerantnr. 40763 van 03 April 2017, goedkeur.*
5. *Dat die betaling van die voorgestelde salarisse en toelaes aan raadslede sal geskied nadat die Minister toestemming hiervoor verleen het.*
6. *Dat kennis geneem word dat indien 'n raadslid nalaat om inligting soos benodig vir die risikoversekering te verskaf, sodanige raadslid die voordele verbonde aan die spesiale risikoversekering, sal verbeur.*

Isiphakamiso senziwe ngu Ceba M Booysen wasekelwa ngu Ceba JC Lambaatjeen Simmers, ukuba

ISIGQIBO

1. Sesokuba umongo weSaziso no. 313 esibhengezwe Kwincwadi Karhulumente No 40763 yango 03 kuTshazimpunzi 2017 uthathelwe ingqalelo.
2. Sesokuba kuthathelwe ingqalelo ukuba iSaziso no. 313 esibhengezwe Kwincwadi Karhulumente No 40763 yango 03 kuTshazimpunzi 2017 sizakubasemthethweni ukususela ngomhla 1 kweyeKhala 2016.
3. Sesokuba uchatha njengokubhengeziwe kwaye kwenzelwe ulwabiwo-mali lebakala 5 lomasipala, kuphunyezwe unyaka mali ka 2016/2017 ngembuyekezo yangomhla 1 kweyeKhala 2016.
4. Sesokuba uMphathi Worhulumente Basekhaya Kwiphondo Lentshona Koloni aziswe ngokuphunyezwa kwezibonelelo eziphezulu ze Bhunga kwintlawulo yooceba kwibala 5 ukususela ngomhla 1 kweyeKhala 2016, njengoko kubhengeziwe kwincwadi karhulumente yeSazisi 313 No 40763 yangomhla 03 kuTshazimpunzi 2017.
5. Sesokuba intlawulo yeziphakamiso yemivuzo nezibonelelo zooceba izakumiselwa emveni kokuba uMphathi evakalise imvume yakhe.

6. Sesokuba kuthathelwe ingqalelo ukuba xa uceba esilela ukufaka incukacha ezifunwayo ngokuphathelene nesiqinisekiso sokusengciphekweni sengqinisekiso, loceba uyakuzalelwa izibonelelo ezayamaniswa nentlawulo enjalo.

Note: Mr C Africa and Ms B Holtzhausen left the Chambers at 12:10 before the discussion of the undermentioned item.

DC 152/04/17 EMPLOYMENT CONTRACTS OF EXECUTIVE MANAGER: COMMUNITY SERVICES AND EXECUTIVE MANAGER: CORPORATE/STRATEGIC SERVICES / DIENSKONTRAKTE VAN DIE UITVOERENDE BESTUURDER: GEMEENSKAPSDIENSTE EN DIE UITVOERENDE BESTUURDER: KORPORATIEWE/STRATEGIESE DIENSTE / ISIVUMELWANO SENGQESHO SOMPATHI OYINTLOKO: INKONZO ZOLUNTU KUMYE MOMPHATHI OYINTLOKO: INKONZO ZOLAWULO KUNYE NOBUCHULE (577378)

Refer: Report (SP)(9/3/4) dated 18 April 2017 from the Executive Manager Corporate/Strategic Services / Manger Legal Services (N Davids)(p 27 – 37)

Proposed by Cllr BHJ Groenewald and seconded by Cllr RH Ruiters, it was

RESOLVED

1. That Council takes note of the opinion received from the Minister's office.
2. That approval be granted to advertise the positions of the Executive Manager: Community Services and Executive Manager: Corporate & Strategic Services once it becomes vacant, as permanent positions.
3. That the Executive Mayor in consultation with the Municipal Manager finally approves the advertisement before placing.
4. That the Municipal Manager adhere to the provisions of Regulation 10 of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers by advertising the post within fourteen (14) days of receipt of the approval.
5. That Council appoint a selection panel to make recommendations for the appointment of candidates to vacant senior manager positions, which panel must consist of the Municipal Manager, who will be the chairperson, a member of the Mayoral Committee or Councillor who is the portfolio head of the relevant portfolio and at least one other person, who is not a Councillor or a staff member of the municipality and who has expertise or experience in the area of the advertised post.

6. That the Accounting Officer be authorized to appoint a service provider to assist the panel in the recruitment and selection process.

Voorgestel deur Rdl BHJ Groenewald en gesekondeer deur Rdl RH Ruiters, is daar

BESLUIT

1. *Dat die Raad kennis neem van die opinie ontvang vanaf die Minister.*
2. *Dat goedkeuring verleen word vir die advertering van die poste van die Uitvoerende Bestuurder: Gemeenskapsdienste en die Uitvoerende Bestuurder: Korporatiewe & Strategiese Dienste wanneer dit vakant word, as permanente poste.*
3. *Dat die Uitvoerende Burgemeester in konsultasie met die Munisipale Bestuurder die advertensie finaal goedkeur alvorens dit geplaas word.*
4. *Dat die Munisipale Bestuurder voldoen aan Regulasie 10 van die Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers deur die post te adverteer binne veertien (14) dae vanaf goedkeuring.*
5. *Dat die Raad 'n paneel aanstel om aanbevelings te maak vir die aanstelling van kandidate van vakante senior poste, wat sal bestaan uit die Munisipale Bestuurder (wat die voorsitter sal wees), 'n lid van die Burgemeesterskomitee of a raadslid wat die portfolio hoof van die relevante portefeulje is en ten minste een (1) ander persoon wat nie 'n raadslid of amptenaar van die munisipaliteit is nie, wat die nodige kennis en ervaring het in die gebied van die geadverteerde pos.*
6. *Dat magtiging aan die Munisipale Bestuurder verleen word om 'n diensverskaffer aan te stel om die paneel te help met die werwing en keuringsproses.*

Isiphakamiso senziwe ngu Ceba HBJ Groenewald wasekelwa ngu Ceba RH Ruiters, ukuba

ISIGQIBO

1. *Sesokuba iBhunga lithathele ingqalelo uluvo oluvelwa kwiofisi yoMphathiswa.*
2. *Sesokuba kunikezwe imvume yokupapasha izikhundla esoMphathi Oyintloko: Inkonzo Zoluntu kunye nesoMphathi Oyintloko: Inkonzo Zolawulo kunye Nobuchule zakube zivulekile, ibe zizikhundla zesigxina.*

3. Sesokuba uSodolophu Obekekileyo kunye nokuqhagamshelana noMphathi Masipala baphumeze ukupapashwa phambi kokufakwa kumaphephandaba.
4. Sesokuba uMphathi Masipala athobele izibonelelo zoMthetho 10 woRhulumente Wasekhaya: Imithetho Yokuqasha kunye Nesimo Sezengqesho sabaPhathi Abaphezulu ngokubhengeza izithuba zemisebenzi kwisithuba sentsuku ezilishumi elinesine(14) emveni kokufumana ukuphunyezwa.
5. Sesokuba iBhunga lichonge abachongi nabazakwenza izindululo zokuqwashswa kwabagqatswa kwizikhundla zabaphathi abaphezulu, bachongwa abo ekufuneka kubekhona uMphathi Masipala, nozakuba ngusihlalo, ilungu le Komti Kasodolophu okanye uCeba oyintloko yequmrhwana lesikhundla esifanelekileyo, kuquka nomnye umntu ongengo Ceba okanye igosa lomasipala nelinesakhono okanye amava kwisikhundla esiye sabhengezwa.
6. Sesokuba iGosa Elinoxanduva ligunyaziswe ukuchonga umnikezeli nkonzo ozakuncedisana kunye nabachongwa kwinkqubo yokukhetha nokuloba.

Note: Mr C Africa and Ms B Holtzhausen joined the meeting again at 12:25.

DC 153/04/17 PROGRESS REPORT REGARDING THE IMPLEMENTATION OF THE MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA) / VORDERINGSVERSLAG RAKENDE DIE IMPLEMENTERING VAN DIE MUNISIPALE STANDAARD TABEL VAN REKENINGE (MSCOA) / INGXELO NGOKUPHATHELENE NOKUMISELWA KOLUHLU LEWNCWADI ZOMASIPALA OLUFANELEKILEYO (MSCOA)

Refer: Report (7/2/2/6) dated 21 April 2017 from the Executive Manager Corporate/Strategic Services (B Holtzhausen) MSCOA Project Manager(R Alberts)(p 38 – 55)

Proposed by Cllr S De Vries and seconded by Cllr TA Simmers, it was

RESOLVED

1. That monthly reports be submitted to the Financial Services Committee.
2. That a comprehensive report with all relevant information and detailed financial implications be submitted to the next Council meeting

*Voorgestel deur Rdl S De Vries en gesekondeer deur Rdl RH
TA Simmers, is daar*

BESLUIT

- 1. Dat maandverslae aan die Finansiële Dienste komitee voorgelê word.*
- 2. Dat 'n volledige verslag met alle relevante inligting en gespesifiseerde finansiële implikasies aan die volgende Raadsvergadering voorgelê word.*

Isiphakamiso senziwe ngu Ceba S De Vries wasekelwa ngu Ceba RH Ruiters, ukuba

ISIGQIBO

1. Sesokuba iingxelo zenyanga zinikezelwe wki Komiti Yenkonzo zezeMali.
2. Sesokuba ingxelo efanelekileyo enazo zonek incukacha ezifanelekileyo kunye nengcaciso efanelekileyo yokuchaphazeleka ngokwezemali inikezelwe kwintlanganiso elandelayo ye Bhunga.

Die vergadering sluit om 12:50 / The meeting closed at 12:50 / Intlanganiso ivalwe ngo 12:50.

.....
SPEAKER

.....
UMHLA/ DATUM / DATE



**DISTRICT MUNICIPALITY
UMASIPALA WESITHILI
DISTRIKSMUNISIPALITEIT**

**Notule van 'n
Burgemeesterskomiteevergadering
gehou op Donderdag, 16 Maart 2017 om 12:30
in die Raadsaal van
Eden Distriksmunisipaliteit, Yorkstraat 54, George**

***Minutes of a
Mayoral Committee meeting
held in the Council Chambers,
Eden District Municipality, 54 York Street, George, on
Thursday, 16 March 2017 at 12:30***

**Imizuzu yentlanganiso
Yekomlti Kasodolophu
nebibanjelwe kwiGumbi leBhunga,
IoMasipala Wesithili se Eden, 54 York Street, e George
ngo ngoLwesini, 16 kweyeKwindla 2017 ngo 12:30**

TEENWOORDIG / PRESENT/ABAKHOYO

Rdl / Cllr / Ceba M Booyen
Rdl / Cllr / Ceba RH Ruiters

Uitvoerende Burgemeester
Uitvoerende Onder-Burgemeester

LEDE VAN DIE BURGEMEESTERSKOMITEE / MEMBERS OF THE MAYORAL COMMITTEE / AMALUNGU EKOMITI KASODOLOPHU

Rdl / Cllr / Ceba JP Johnson
Rdl / Cllr / Ceba E Meyer
Rdl / Cllr / Ceba JC Lambaatjeen
Rdl / Cllr / Ceba I Stemela
Rdl / Cllr / Ceba KS Lose
Rdl / Cllr / Ceba RH Ruiters
Rdl / Cllr / Ceba RE Spies
Rdl / Cllr / Ceba MS Willemse

AMPTENARE / OFFICIALS / AMAGOSA

Mr MG Stratu	Municipal Manager
Ms B Holtzhausen	Executive Manager Corporate / Strategic Services
Mr G Otto	Acting Executive Manager Community Services
Mr JC Ottervanger	Executive Manager Roads Services
Ms L Hoek	Executive Manager Financial Services
Ms N Davids	Manager Legal Services
Ms DD October	Chief Administration Officer
Ms IG Saaiman	Performance Management
Ms P Lufele	Snr Internal Auditor

OPENING EN VERWELKOMING / OPENING AND WELCOME / UVULO NOLWAMKELO

Cllr JP Johnson opened the meeting with a prayer, where after the Executive Mayor, Cllr M Booyen, welcomed everyone present at the meeting.

EMC 59/03/17 APOLOGIES / VERSKONINGS / IZINGXENGXEZO

Rdl / Cllr / Ceba TA Simmers

COUNCILLORS AND OFFICIALS ABSENT WITHOUT LEAVE / RAADSLEDE EN AMPTENARE AFWESIG SONDER VERLOF / OOCEBA KUNYE NAMAGOSA ABANGEKHOYO NGAPHANDLE KWEMVUME

None / Geen / Abekho

EMC 60/03/17 **DECLARATION OF INTEREST BY COUNCILLORS AND OFFICIALS REGARDING ITEMS INCLUDED ON THE AGENDA / VERKLARING VAN BELANGE DEUR RAADSLEDE EN AMPTENARE TEN OPSIGTE VAN ITEMS IN DIE AGENDA VERVAT / UKUCHANZWA KWENJONGO ZOCEBA KUNYE NAMAGOSA NGOKUPHATHELENE NEMIBA EZAKUXOXWA**

None / Geen / Abekho

EMC 61/03/17 **COMMUNICATIONS BY THE EXECUTIVE MAYOR / MEDEDELINGS DEUR DIE UITVOERENDE BURGEMEESTER / INTETHO KASODOLOPHU**

The Executive Mayor extended a special word of welcome to the newly appointed Municipal Manager, Mr MG Stratu.

EMC 62/03/17 **APPROVAL OF THE FOLLOWING MINUTES OF THE MAYORAL COMMITTEE MEETING / GOEDKEURING VAN DIE VOLGENDE NOTULE VAN DIE BURGEMEESTERSKOMITEEVERGADERING / UKUPHUNYEZWA KWENGXELO EZILANDELAYO NGOKWEZIGQIBO ZEKOMITI KASODOLOPHU** (p 1 – 10)

Mayoral Committee meeting dated 26 January 2017 / Burgemeesterskomiteevergadering gedateer 26 Januarie 2017 / Intlangano yabucala Yekomiti ka Sodolophu yangomhla 26 kweyeMqungu 2017

RESOLVED

That the minutes of the Mayoral Committee meeting dated 26 January, be approved.

BESLUIT

Dat die notule van die Burgemeesterskomiteevergadering, gedateer 26 Januarie 2017, goedgekeur word.

ISIGQIBO

Sesokuba imizuzu yentlangano yeKomiti Kasodolophu yangomhla 23 26 kweyeMqungu 2017 , iphunyezwe.

EMC 63/03/17

**APPROVAL OF ITEMS OF THE PORTFOLIO COMMITTEES /
GOEDKEURING VAN ITEMS VAN DIE PORTEFEULJE KOMITEES /
UKUPHUNYEZWA KWEMIZUZU YEEKOMITI** (p 14 – 97)

RESOLVED

That the recommendations of the items of the following Portfolio Committee meetings, be approved:

- Roads and Transport Planning Services Committee meeting dated 07 November 2016
- Financial Services Committee meeting dated 07 November 2016
- Financial Services Committee meeting dated 13 February 2017
- Community Services Committee meeting dated 09 November 2016
- District Economic Development and Planning Committee meeting dated 09 November 2016
- District Economic Development and Planning Committee meeting dated 15 February 2017
- Corporate Services Committee meeting dated 10 November 2016
- Corporate Services Committee meeting dated 16 February 2017
- Property Management and Development Committee meeting dated 15 February 2017
- Strategic Services Committee meeting dated 16 February 2017

BESLUIT

Dat die aanbevelings van die items van die volgende Portefeulje komitee vergaderings goedgekeur word:

- *Paaie en Vervoerbeplanningskomitee vergadering gedateer 07 November 2016*
- *Finansiële Dienste Komiteevergadering gedateer 07 November 2016*
- *Finansiële Dienste Komiteevergadering gedateer 13 Februarie 2017*
- *Gemeenskapsdienste Komiteevergadering gedateer 09 November 2016*

- *Distrik Ekonomiese Ontwikkeling en Beplanningskomiteevergadering gedateer 09 November 2016*
- *Distrik Ekonomiese Ontwikkeling en Beplanningskomiteevergadering gedateer 15 Februarie 2017*
- *Korporatiewe Dienste Komiteevergadering gedateer 10 November 2016*
- *Korporatiewe Dienste Komiteevergadering gedateer 16 Februarie 2017*
- *Eiendomsbestuur en Ontwikkelingskomiteevergadering gedateer 16 February 2017*
- *Strategiese Dienste Komiteevergadering gedateer 16 Februarie 2017*

ISIGQIBO

Sesokuba izindululo zeentlangano zemiba yezi Komiti Zezikhundla zilandelayo iphunyezwe:

- Yekomiti Yezindlela ngo Inkonzo Yezicwangciso Zothuthu 07 kweyeNkanga 2016
- Ikomiti Yenkonzo Zemali intlangano yangomhla 07 kweyeNkanga 2016
- Ikomiti Yenkonzo Zemali intlangano yangomhla 13 kweyeMdumba 2017
- Ikomiti Yenkonzo Zolawulo intlangano yangomhla 09 kweyeNkanga 2016
- Ikomiti Yezohphuhliso Loqoqosho intlangano yangomhla 09 kweyeNkanga 2016
- Ikomiti Yezohphuhliso Loqoqosho intlangano yangomhla 15 kweyeMdumba 2017
- yeKomiti yeeNkonzo Zolawulo vangomhla 10 kweyeNkanga 2016
- yeKomiti yeeNkonzo Zolawulo vangomhla 16 kweyeMdumba 2017
- Ikomiti Yolawulo Lwemihlaba kunye Nophuhliso intlanganiso yangomhla 15 kweyeMdumba 2017
- yeKomiti yeeNkonzo Zokuhlala vangomhla 17 kweyeMdumba 2017

EMC 64/03/17 **REPORT ON INDIVIDUAL PERFORMANCE MANAGEMENT FOR 2016/2017 / VERSLAG RAKENDE INDIVIDUELE PRESTASIEBESTUUR VIR 2016/2017 / INGXELO NGOULAWULO LOMSEBENZI WOMNTU NGAMNYE 2016/2017 (569426)**

Refer: Report (9/11/1) dated 16 March 2017 from the Office of the Acting Municipal Manager / Performance Management Officer (IG Saaiman)(p 97 – 100)

RESOLVED TO RECOMMEND TO COUNCIL

That Council takes note of the development and implementation of Individual Performance Management.

BESLUIT OM BY DIE RAAD AAN TE BEVEEL

Dat die Raad kennis neem van die ontwikkeling en implementering van Individuele Prestasie Bestuur.

ISIGQIBO SOKUNDULULA PHAMBI KWEKOMITI KASODOLOPHI

Sesokuba iBhunga lithathele ingqalelo iziphumo kunye nokumiselwa koLawulo Lomsenzi Womntu Ngamnye.

EMC 65/03/17 **REPORT ON MONITORING AND EVALUATION FOR PERFORMANCE MANAGEMENT 2016/2017 / VERSLAG RAKENDE MONITERING EN EVALUERING VIR PRESTASIEBESTUUR 2016/2017 /INGXELO UQWALASELA KUNYE NOKUHLENGAGHLENGISWA KWENGXEO YOLAWULO LOMSEBENZI 2016/2017 (569484)**

Refer: Report (9/11/1) dated 03 March 2017 from the Office of the Acting Municipal Manager / Performance Management Officer (IG Saayman)(p 101 – 113)

RESOLVED

That the report be withdrawn from the agenda.

BESLUIT

Dat die verslag onttrek word van die agenda.

ISIGQIBO

EMC 66/03/17 **REPORT REGARDING REQUESTED CHANGES ON THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR 2016/17 /**
VERSLAG RAKENDE VOORGESTELDE VERANDERING AAN DIE
DIENSLEWERINGS-EN BEGROTINGSIMPLEMENTERINGSPLAN VIR
2016/17 / INGXELO – ISICELO / IMBONO YENGUQU KUNIKEZELO
LWENKONZO KUNY NESICWANGCISO SOKUMISELWA
KOLWABIWO-MALI KU 2016/2017 (569421)

Refer: Report (9/11/1) dated 16 March 2017 from the Office of the Acting Municipal Manager / Performance Management Officer (IG Saaiman)(p 114 – 126)

RESOLVED TO RECOMMEND TO COUNCIL

That Council approves the requested amendments and the revised Top Level Service Delivery and Budget Implementation plan for the 2016/2017 financial year.

BESLUIT OM BY DIE RAAD AAN TE BEVEEL

Dat die Raad voorgestelde veranderinge en die gewysigde Top Vlak Dienslewering en Begrotings-Implementeringsplan vir 2016/2017 goedkeur.

ISIGQIBO SOKUNDULULA PHAMBI KWEKOMITI KASODOLOPHI

Sesokuba iBhunga liphumeze isiphakamiso solungiso kunye nokuqwalaselwa Konikezelo Lwenkonzo Lwebakala eliphezulu kunye nesicwangciso Sokumiselwa Kolwabiwo-Mali kunyakamali ka 2016/2017.

EMC 67/03/1 **DRAFT TOP LEVEL SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR 2017/2018 / KONSEP TOPVLAK**
DIENSLEWERING EN BEGROTINGSIMPLEMENTERINGSPLAN VIR
2017/2018 / UYILO LONIKEZELO LWENKOZNO LWEBAKALA
OLUPHEZULU KUNYE NESICWANGCISO SOLWABIWO-MALI KU
2017/2018 (570456)

Refer: Report (9/11/1) dated 07 March 2017 from the Office of the Acting Municipal Manager / Performance Management Officer (IG Saayman)(p 127 – 139)

RESOLVED TO RECOMMEND TO COUNCIL

1. That Council takes note of the draft Top Level Service Delivery and Budget Implementation plan for the 2017/2018 financial year.
2. That Council approves the suggested changes with regards to the Top Level Service Delivery and Budget Implementation Plan for the 2017/2018 financial year.

BESLUIT OM BY DIE RAAD AAN TE BEVEEL

1. *Dat die Raad kennis neem van die konsep Top Vlak Dienslewering en Begrotings-Implementeringsplan met vir 2017/2018 goedkeur.*

2. *Dat die Raad die voorstelle ten opsigte van die konsep Top Vlak Dienslewering en Begrotings-Implementeringsplan vir 2017/2018 goedkeur.*

ISIGQIBO SOKUNDULULA PHAMBI KWEKOMITI KASODOLOPHI

1. Sesokuba iBhunga lithathele ingqalelo uyilo Lwebakala Eliphezulu Lonikezelo Lwenkonzo kunye nesicwangciso soLwabiwo-Mali kunyakamali ka 2017/2018.

EMC 68/03/17 ELECTION OF COUNCILLOR REPRESENTATIVE TO THE ANNUAL GENERAL MEETING OF THE LA RETIREMENT FUND / VERKIESING VAN RAADSLIDVERTEENWOORDIGING NA DIE ALGEMENE JAARVERGADERING VAN DIE LA AFTREEFONDS / UKUCHONGWA KUKACEBA OZAKUMELA IBHUNGA KWINTLANGANISO JIKELELE YONYAKA YENGXOWA YOMHLALAPHANTSI YE LA (565802)

Refer: Report (9/5/2/5) dated 14 February 2017 from the Executive Manager: Corporate / Strategic Services (B Holtzhausen): HR Practitioner (L Janse van Rensburg)(p 140 – 147)

RESOLVED TO RECOMMEND TO COUNCIL

That one (1) Councillor from the opposition be nominated to attend the Annual General Meeting of the LA Retirement Fund in Bellville on Friday, 26 May 2017.

BESLUIT OM BY DIE RAAD AAN TE BEVEEL

Dat een (1) Raadslid van die opposisie aangewys word om die Algemene Jaarvergadering van die LA Aftreefonds by te woon op Vrydag, 26 Mei 2017 te Bellville.

ISIGQIBO SOKUNDULULA PHAMBI KWEKOMITI KASODOLOPHI

Sesokuba uCeba omnye akhethwe ukuya kuzimasa Intlanganiso Jikelele Yonyaka Yengowomali Yomhlalaphathi ye LA e Bellville ngolwesihlanu, 26 kuCanzibe 2017.

Die vergadering sluit om 13:00 / *The meeting closed at 13:00* / Intlanganiso ivalwe nge 13:00.

.....
EXECUTIVE MAYOR / UITVOERENDE BURGEMEESTER / USODOLOPHU
OBEKEKILEYO

.....
DATUM / DATE / UMHLA

MAYORAL COMMITTEE

22 MAY 2017

DISTRICT COUNCIL

29 MAY 2017

DC 161/05/17

**EDEN 2017/2018 – 2021/2022 FOURTH GENERATION INTEGRATED
DEVELOPMENT PLAN (IDP) / EDEN 2017/2018 - 2021/2022 VIERDE
GENERASIE GEÏNTEGREERDE ONTWIKKELINGSPLAN (GOP) /
UKWAMKELWA KWESICWANGCISO SENDIBANISELWANO
YEZOPHUHLISO YESIZUKULWANA SESINE YE EDEN 2017/2018-
2021/2022 (582781)**

(16/8/2)

17 May 2017

**REPORT FROM THE EXECUTIVE MANAGER: CORPORATE/STRATEGIC
SERVICES (B HOLTSHAUSEN) / ACTING IDP MANAGER (R DAVIDS)**

PURPOSE OF THE REPORT

For the Eden District Municipal Council to adopt the 2017/2018 – 2021/2022 Integrated Development Plan (IDP) for the Eden District Municipality in compliance with Chapter 5 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000).

BACKGROUND

Section 25 (1) of the Municipal Systems Act, 2000 (Act 32 of 2000) mandates municipalities to "within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality, which:

- a) Links, integrates and coordinates plans and takes into account proposals for the development of the municipality;
- b) Aligns the resources and capacity of the municipality with the implementation of the plan;
- c) Forms the policy framework and general basis on which budgets must be based;
- d) Complies with the provisions of this chapter and; and
- e) Is compatible with National and Provincial Development Plans and planning requirements binding on the municipality in terms of legislation."

THE THIRD GENERATION 2012/13 – 2016/17 IDP

The Eden District Council's 2012/2013 – 2016/2017 Third Generation five year plan was developed and adopted on 31 May 2012 as per council resolution. This process was followed by an annual review of the IDP, with the 2016/2017 review being the final review of the 2012/13 – 2016/17 IDP. Key to the strategic plan was council's vision of 'Eden, a future empowered through excellence', a mission statement and the identification of seven strategic objectives as the drivers to the achievement of the municipality's functions as outlined in Section 84 of the Municipal Structures Act.

THE FOURTH GENERATION 2017/18 – 2021/22 IDP

As the principle strategic plan, the Fourth Generation IDP will define the District Council's vision, priorities, goals and strategies to further intensify the development of the district during the course of its elected term. It will provide a policy framework for the council adopted budget, links closely to the performance monitoring and evaluation and promotes the horizontal and vertical alignment with global (Sustainable Development Goals), national (National Development Plan), provincial (Provincial Strategic Goals) and B – municipal legislation, policies, strategies, programmes and sustainable developmental imperatives.

A copy of the Draft 2017/2018 – 2021/2022 IDP is attached as Annexure A.

FINANCIAL IMPLICATIONS

Vote 10 14 04 5040 of the council adopted 2016/2017 budget is being utilized for the formulation of Eden DM's 2017/2018 – 2021/2022 IDP.

RELEVANT LEGISLATION

Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)
Section 25 (1) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

UITVOERENDE OPSOMMING

Die Munisipale Stelselwet, Wet, 2000 (Wet 32 van 2000) verplig elke nuut gekose munisipaleraad om 'n langer termyn strategiese plan saam te stel vir die ontwikkeling van sy munisipale area. Die Eden Distriksmunisipalraad was formeel ingehuldig in September 2016 en is tans besig met die samestelling van die raad se Vierde Generasie GOP vir die periode 2017/2018 – 2021/2022. Hierdie dokument poog om as riglyn vir die munisipale begroting te dien, om prestasie beoordeling te dryf en te belyn met all internasionale, nasionale, provinsiale en plaaslike wetgewing, strategiese planne en beleide en moet aanvaar word deur die nuut gekose munisipale raad voor 31 Mei 2017.

RECOMMENDATION TO COUNCIL

That Council adopts the 2017/2018 – 2021/2022 IDP in terms of Section 25 (1) of the Local Government Municipal Systems Act 2000 (Act 32 of 2000).

AANBEVELING AAN DIE RAAD

Dat die Raad die 2017/2018 – 2021/2022 GOP aanvaar in terme van Artikel 25 (1) van die Plaaslike Regering Munisipale Stelselwet, Wet 32 van 2000.

ISINDULULO

Sesokuba iBhunga loMasipala Wesithili se Eden samkele i IDP ka 2017/2018-2021/2022 ngokwemiqathango Yenqubo Yemithetho zoMasipala(Umthetho 32 wango 2000)

APPENDIX

2017/2018 – 2021/2022 IDP

BUDGET & IDP WORKSHOP	22 MAY 2017
BUDGET STEERING COMMITTEE	22 MAY 2017
MAYORAL COMMITTEE	22 MAY 2017
DISTRICT COUNCIL	29 MAY 2017

DC 162/05/17

**MULTI YEAR BUDGET FOR 2017/18; 2018/19; 2019/20 / MEERJARIGE
BEGROTING VIR 2017/18; 2018/19; 2019/20 / UYILO LOHLAHLA-
LWABIWOMALI OLUPHINDAPHINDENEYO KU 2017/2018; 2018/2019;
2019/2020 (582796)**

(6/1/11-17-18)

17 May 2017

REPORT FROM THE ACCOUNTING OFFICER (MG STRATU)

PURPOSE OF THE REPORT

To table the multiyear budget for Eden District Municipality for consideration in terms of Section 16 of the MFMA.

BACKGROUND

1. INTRODUCTION

Chapter 4 of the MFMA - Municipal Finance Management Act – (Act no 56 of 2003) regulates the process and existence of a municipal budget. Section 16 (2) of the Municipal Finance Management Act (Act 56 of 2003) determines that a Municipality must at least 90 days before the start of the budget year consider the approval of the annual budget:

Section 16 of the MFMA states:

(1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Regulation (9) of the Municipal Budget and Reporting Regulations dated April 2009 states:

The annual budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

Regulation 14(1) states – an annual budget and supporting documentation tabled in a municipal council in terms of section 16(2) and 17(3) of the Act –
(a) Be in the format in which it will eventually be approved by council.

With the compilation of the 2014/15 MTREF already, it became clear that very limited scope exists for the municipality with regard to the ability to afford further operating and capital projects from own funds. This situation still exists and EDM is still highly reliant on government grants.

FINANCIAL IMPLICATIONS

As per report

NATIONAL AND PROVINCIAL CIRCULARS

- 1) Provincial Circular No 5, (Annexure K)
- 2) MFMA Circular No 82, (Annexure L)
- 3) MFMA Circular No 85, (Annexure M)
- 4) MFMA Circular No 86, (Annexure N)

RELEVANT LEGISLATION

Chapter 7 of the Constitution Act 108/1996
Municipal Finance Management Act, Act 56 of 2003
Municipal Budget and Reporting Regulations - April 2005

UITVOERENDE OPSOMMING

Hoofstuk 4 van die Wet op Munisipale Finansiële Bestuur, (Wet 56 van 2003) reguleer en bepaal die proses en bestaan van 'n munisipale begroting. Artikel 16 van die Wet op Munisipale Finansiële Bestuur, bepaal dat:

- (1) *Die raad van die Munisipaliteit vir elke Finansiële Jaar, 'n begroting goedkeur alvorens die finansiële jaar in aanvang neem.*
- (2) *Die raad van 'n munisipaliteit moet ten minste 90 dae voor die aanvang van die begrotingsjaar goedkeuring van die jaarlikse begroting oorweeg:*
'n Jaarlikse begroting:
 - (a) *Moet voor die aanvang van die begrotingsjaar goedgekeur word;*
 - (b) *Word goedgekeur deur die aanname deur die raad van 'n resoluë, soos nodig, wat-*
 - (i) *Enige munisipale belastings vir die begrotingsjaar hef;*

- (ii) Enige tariewe vir die begrotingsjaar vasstel;*
- (iii) Vasstelbare prestasie- doelwitte , vir die Inkomste uit elke bron, en vir elke begrotingspos in die begroting, goedkeur;*
- (iv) Enige wysigings van die munisipaliteit se begrotingsverwante beleidsdokumente goedkeur.*

RECOMMENDATION

1. That the annual budget of Eden District Municipality for the MTREF 2017/18; 2018/19; 2019/20 as set out in the schedules contained in Section 4 (Annexure A) be approved:
 - (i) Table A1 Consolidated Budget Summary;
 - (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);
 - (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);
 - (iv) Table A4 Consolidated Budget Financial Performance (revenue and expenditure); and
 - (v) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source)
 - (vi) Table A6 Consolidated Budget Financial Position;
 - (vii) Table A7 Consolidated Budget Cash Flows
 - (viii) Table A8 Consolidated Cash backed reserves/ accumulated surplus
 - (ix) Table A9 Consolidated Asset Management
 - (x) Table A10 Consolidated basic service delivery measurement
2. That Council approves the Operating Revenue Budget of R 345,228,671.00.
3. That Council approves the Operating Expenditure budget of R 342,764,283.00.
4. That Council approves the Capital budget of R 2,458,500.00.
5. That Council takes note that R 145,000,000.00 operating income and expenditure as approved by Department of Public Transport for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 4.
6. That Council approves and adopts the tariffs for all services contained in Annexure B and that the tariffs in respect of resorts increased from 01 July 2017 as follows :

Calitzdorp and De Hoek Resorts	-	10%
Victoria Bay and Swartvlei	-	25%

7. That Council takes note that the following policies have been reviewed and there are no changes:

- Banking, Cash Management and Investment Policy (Annexure C)
- Credit Control and Debt Collection Policy and Bylaw (Annexure D)
- Funds and Reserve Policy (Annexure E)
- Budget policy (Annexure F)
- Borrowing Policy (Annexure G)
- Longterm Financial Management Policy (Annexure H)
- Asset Management Policy (Annexure I)

8. That Council approves the amended budget related policies, namely:

- Supply Chain Management Policy (Annexure J)

9. That Council takes note of the following Budget Circulars, namely:

- Provincial Circular No 5 (Annexure K)
- MFMA Circular No 82 (Annexure L)
- MFMA Circular No 85 (Annexure M)
- MFMA Circular No 86 (Annexure N)

AANBEVELING

1. *Dat die jaarlikse begroting van die Eden Distriksmunisipaliteit vir die MTREF 2017/18; 2018/19; 2019/20, soos uiteengesit in die skedules soos vervat in Aanhangsel A, goedgekeur word:*

- (i) *Tabel A1 Gekonsolideerde Begroting Opsomming*
- (ii) *Tabel A2 Gekonsolideerde Begrote Finansiële prestasie (standaard klassifikasie)*
- (iii) *Tabel 3 Gekonsolideerde Begrote Finansiële prestasie (munisipale departemente)*
- (iv) *Tabel A4 Gekonsolideerde Begrote Finansiële prestasie (inkomste en uitgawes)*
- (v) *Tabel A5 Gekonsolideerde Begrote Kapitale uitgawes (munisipale departement en finansierings bron)*
- (vi) *Tabel A6 Gekonsolideerde Begrote Finansiële posisie*
- (vii) *Tabel A7 Gekonsolideerde Begrote Kontantvloei*
- (viii) *Tabel A8 Gekonsolideerde Kontant Gesteunde Reserwes/Opgehoopte Surplus*
- (ix) *Tabel A9 Gekonsolideerde Bate Bestuur*
- (x) *Tabel A10 Gekonsolideerde Basiese Diensleweringse Meganisme*

2. *Dat die Raad die inkomste begroting van R345, 228,671.00 goedkeur.*

3. *Dat die Raad die uitgawe begroting van R342, 764,283.00 goedkeur*
4. *Dat die Raad die Kapitale begroting van R2, 458,500.00 goedkeur*
5. *Dat die Raad kennis neem van die R145, 000, 000.00 inkomste en uitgawes soos goedgekeur deur die Departement van Vervoer ten opsigte van die Paaie Agentskap Funksie, wat ingesluit is in die totale begroting soos per resolusie 1 - 4*
6. *Dat die Raad alle tariewe soos vervat in **Aanhangsel B** goedkeur en dat die tariewe ten opsigte van oorde vanaf 01 Julie 2017 soos volg verhoog word:*

Calitzdorp en De Hoek	-	10%
Victoriabaai en Swartvlei	-	25%
7. *Dat die Raad kennis neem van die onderstaande begrotingsverwante beleide wat hersien is en waar geen veranderinge aangebring is nie:*
 - *Kontant – en Beleggingsbeleid (Aanhangsel C)*
 - *Kredietbeheer en skuldinvorderingsbeleid en Verordening (Aanhangsel D)*
 - *Fonds en Reserwe Beleid(Aanhangsel E)*
 - *Begrotingsbeleid (Aanhangsel F)*
 - *Leningsbeleid(Aanhangsel G)*
 - *Langtermyn Finansiële Bestuursbeleid (Aanhangsel H)*
 - *Bate Bestuur Beleid (Aanhangsel I)*
8. *Dat die Raad die onderstaande hersiene beleide goedkeur, naamlik:*
 - *Verkryging en Voorsieningskanaalbeleid (Aanhangsel J)*
9. *Dat die Raad kennis neem van die volgende begroting omsendbriewe, naamlik:*
 - *Provinsiale Omsendbrief Nr 5 (Aanhangsel K)*
 - *MFBW Omsendbrief Nr 82 (Aanhangsel L)*
 - *MFBW Omsendbrief Nr 85 (Aanhangsel M)*
 - *MFBW Omsendbrief Nr 86 (Aanhangsel N)*

ISINDULULO

1. Sesokuba ka 2017/2018 njengokudandalaziswe kuMhlathi 4 okanye Isifakelo A luphunyezwe:
 - (i) Table A1 Ushwankathelo Lolwabelo olulungisiweyo;
 - (ii) Table A2 Ushwankathelo Lolwabelo Umsebenzi Wezemali (ngokimgaqo elungeleliselweyo);
 - (iii) Table A3 Ushwankathelo Lolwabelo Umsebenzi Wezemali (ngokwevoti yomasipala);

- (iv) Table A4 Ushwankathelo Lolwabelo Umsebenzi Wezemali (ingeniso kunye nencitho); kunye
 - (v) Table A5 Ushwankathelo Lolwabelo Lwencitho Eyinkunzi (ngokwevoti yomasipala kunye nezibonelelo ezikhoyo)
 - (vi) Table A6 Ushwankathelo Lolwabelo Umsebenzi Lwesimo Sezemali;
 - (vii) Table A7 Ushwankathelo Lolwabelo Lwezemali Ejikelezayo
 - (viii) Table A8 Ushwankathelo Lwemali Ejikelezayo elincedisana novimba/ingeniso ekhoyo
 - (ix) Table A9 Ushwankathelo Lolawulo Lwempahla
 - (xi) Table A10 U Ushwankathelo Lonikezelo Lwenkonzo ezingundoqo
2. Sesokuba ibhunga liphumeze Ulwabiwo-Mali Lwengeniso Eqhubayo oluyi R345, 228, 671.00.
 3. Sesokuba ibhunga liphumeze Ulwabiwo-Mali Lwencitho noluyi R342, 764, 283.00.
 4. Sesokuba ibhunga liphumeze Ulwabiwo-Mali Oluyinkunzi lwe R2, 458, 500.00.
 5. Sesokuba ibhunga lithathele ingqalelo ukuba i R145 000, 000.00 kwingeniso eqhubayo kunye nencitho njengokuba iphunyeziwe Lisebe Lezothutho loluntu liphunyezeliwa imisebenzi yobu Arhente kwezeNdlela liye lwabandakanywa kulwabiwo-mali olugqibeleleyo ngokwesindululo 1-4.
 6. Sesokuba ibhunga liphumeze kwaye lamkele amaxabiso aze zonke inkonzo ngokuqulathwe KwisifakeloB kunye namaxabiso athe chatha azo zonke indawo 01 kweyeKhala 2017 zokuphola ngokulandelayo:

Calitzdorp nase De Hoek Resorts	-	10%
Victoria Bay nase Swartvlei	-	25%
 7. Sesokuba ibhunga lithathele ingqalelo okokuba lemigaqo ilandelayo iye yaqwalaselwe kwaye akhukho zinguqu
 - Ukubankisha, Imali ejikelezayo kunye Nomgaqo Wokutyala (Annexure C)
 - Umgaqo Wokulawulo imali kunye Nokudibanisa amatyala kunye Nemithetho (Annexure D)
 - Umgaqo Wezibonelelo kunye Novimba (Annexure E)
 - Umgaqo Wolwabiwo-Mali (Annexure F)
 - Umgaqo Wolawulo Lwencitho Annexure (G)
 - Umgaqo Wokuboleka(Annexure H)
 - Umgaqo Wolawulo Lwemali Ixesha Elide(Annexure I)
 8. Sesokuba ibhunga liphumeze imithetho elungisiweyo eyayamaniswa nohlahlo-lwabiwo, neyile;
 - Umgaqo Wolawulo Lwencitho Annexure (J)

9. Sesokuba iBhunga lithathele ingqalelo Yezazinge zoLwabiwo-Mali, nezizezi:
- Provincial Circular No 5 (Annexure K)
 - MFMA Circular No 82 (Annexure L)
 - MFMA Circular No 85 (Annexure M)
 - MFMA Circular No 86 (Annexure N)



EDEN DISTRICT MUNICIPALITY FINAL ANNUAL BUDGET REPORT

2017/2018- 2019/2020 MTREF

Table of Contents

Glossary	4
Legislative Framework	6
PART 1 – BUDGET	
Section 1 – Mayoral Speech	7
Section 2 – Resolutions	15
Section 3- Executive Summary	17
3.1 Introduction	17
3.2 Proposed Annual Budget 2016/2017-2018/2019 MTREF	18
3.3 Provision of Basic Services	27
3.4 SDBIP and MTREF financial sustainability	28
Section 4- Annual Budget Tables	29
PART 2 – SUPPORTING DOCUMENTATION	41
Section 5 – Budget assumptions	41
Section 6- Budget funding	41
Section 7- Expenditure on allocations and grant programmes	41
Section 8- Grants made by the municipality	41
Section 9- Councilor Allowances and employee benefits	41
Section 10- Service delivery and budget implementation plan	41
Section 11- Capital Expenditure	41
Section 12 – Municipal Manager's quality certificate	42
Annexure A- Supporting Budget Schedules	43
Annexure B- Tariffs	94
Annexure C- Banking Cash Management and Investment policy	128
Annexure D – Credit Control and Debt Collection policy	148
Annexure E – Funding and Reserve Policy	165
Annexure F – Budget Policy	174
Annexure G – Borrowing Policy	190
Annexure H- Long Term Financial Management Policy	204
Annexure I- Asset Management Policy	215
Annexure J- Supply Chain Management Policy	253

Annexure K – Provincial Circular No 5	350
Annexure L – MFMA Circular No 82	373
Annexure M- MFMA Circular No 85	389
Annexure N – MFMA Circular No 86	403

Glossary

Annual budget – Prescribed in Chapter 4 of the MFMA.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – An unconditional grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

MBRR – Municipal budget and reporting regulations April 2009

MFMA – The Municipal Finance Management Act – No. 56 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, spends without, or in excess of, an approved budget.

Virement – means transfer of funds between function/ votes within a budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be endorsed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget, in Eden District Municipality's case this means the different GFS classification the budget is divided into.

Legislative Framework

This report has been prepared in terms of the following enabling legislation.

The Municipal Finance Management Act – No. 56 of 2003

Section 16 & 17 Annual Budgets

Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations

Schedule A budget formats

PART 1 – IN-YEAR REPORT

SECTION 1 – MAYORAL SPEECH

Honourable Speaker, Deputy Mayor, Councillors, Municipal Manager, officials and members of the public, I want to welcome you at this stage of the agenda.

It is a privilege to be here and to present the 2017/18 MTREF Budget to council for approval.

The 2017 Budget Review emphasised that, while the global economic growth outlook has improved, it is clouded by the prevailing policy uncertainty due to the increasing pressure within the world trading system. These factors may jeopardise South Africa's prudent macroeconomic and fiscal policies, which include inflation targeting and a flexible exchange rate, the local economy's ability to adjust to global volatility and the stable investment platform. The local economic growth outlook suffered a further setback on 3 April 2017, when Fitch Ratings (Fitch) has downgraded government's long-term foreign and local currency debt to 'BB+' or 'junk status' from 'BBB-' with a stable outlook, a non-investment grade rating. The announcement by Fitch is noted by government and while it is a setback, government remains committed to making sure that its work with business, labour and the civil society continues in order to improve the business confidence and implement structural reforms to accelerate inclusive economic growth.

This downgrade reflects Fitch's view that recent political events, including a major cabinet reshuffle, will weaken standards of governance and public finances. In the agency's view, the cabinet reshuffle is likely to result in a change in the direction of economic policy, to undermine progress in state-owned companies' governance, raising the risk that the contingent liabilities associated with these entities are realised and increase the prospect of a substantial increased issuance of guarantees in respect of a nuclear build programme. However, to this end, and as acknowledged by Fitch economic growth is still expected to be higher this year than in 2016 then rising further over the medium-term.

GDP growth rate is forecasted to increase by 1.3% in 2017 and to improve moderately over the medium term with to 2% and 2.2% in 2018 and 2019 respectively. This forecast is supported by marginally higher global growth, stabilising commodity prices, greater reliability of the electricity network, more favourable weather conditions, recovering business and consumer confidence, and improved labour relations. The positive trajectory marks a shift from several years of declining growth however; this is still not high enough to markedly reduce unemployment, poverty and inequality.

The unemployment rate was 26.5 per cent in the fourth quarter of 2016. In aggregate mining and manufacturing employment declined by 80 306 jobs in 2016 while the services sector created 119 189 jobs during the same period. The economy continues to create opportunities for semi-skilled and skilled workers, and to shed unskilled jobs, reinforcing poverty and inequality and widening the wage gap.

There was a District Funding Research Initiative (DFRI) project undertaken by the district municipalities of the Western Cape. Grant funding was received by Cape Winelands District Municipality and a service provider was appointed to investigate funding of district municipalities and possible proposals to submit to National Treasury; Eden District Municipality is part of the task team.

There is intent to introduce a new funding model for district municipalities upon completion of the Department of Cooperative Governance's review of their functional role. In 2017/18,

adjustments are made to the Regional Services Council (RSC)/ Joint Services Board (JSB) levies replacement grant to redistribute funds to the 13 district municipalities currently receiving less than R40 million per year from this grant. The growth rates of the 10 district municipalities with the largest allocations are reduced to fund the increases to the other 13 districts. They will receive two-thirds of their original growth rate in 2017/18 and one-third of their original growth rate in 2018/19.

In the outer year of the MTREF period, the grant increases by 8.8 per cent a year for district municipalities that are authorised to undertake water and sanitation services and 2.9 per cent for district municipalities that are not such authorities (Eden District Municipality falls under this category C1). The different rates recognise the various service delivery responsibilities of these district municipalities and the fact that the allocations to C1 district municipalities have an average growth rate below inflation.

Speaker, Chapter 4 of the MFMA (Municipal Finance Management Act no 56 of 2003) regulates the process and existence of a municipal budget. Section 16 gives specific meaning to an annual budget and regulates the process thereof:

Section 16(1) to (3) states that council must approve an annual budget for the municipality before the start of each financial year. The annual budget must be tabled at the council meeting at least 90 days before the start of the new financial year.

The following 2017/18 Annual Budget is presented to Council for consideration:

1. HIGH LEVEL SUMMARY: BUDGET 2017/18

DESCRIPTION	February Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Total revenue	-333 736 441	-345 228 671	-424 930 447	-433 195 733
Total expenditure	347 021 163	342 764 282	422 936 376	431 245 235
Surplus (-)/ Deficit	13 284 722	-2 464 388	-1 994 072	-1 950 498
Capital	6 713 295	2 458 500	1 640 500	1 635 000
Nett Surplus (-)/ Deficit	19 998 017	-5 888	-353 572	-315 498

2. SUMMARY: TOTAL EXPENDITURE

DESCRIPTION	February Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Employee related costs	106 093 782.42	118 903 045.39	126 241 407.68	134 660 410.97
Councillors remuneration	7 844 207.00	10 815 151.13	10 957 265.99	11 615 564.24
Other operating expenditure	89 083 173.68	68 046 085.98	137 737 701.86	132 969 259.83
Roads Agency Function	144 000 000.00	145 000 000.00	148 000 000.00	152 000 000.00
Total expenditure	347 021 163.10	342 764 282.50	422 936 375.53	431 245 235.05

3. SALARY/REMUNERATION RELATED EXPENDITURE (EDEN):

DESCRIPTION	February Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Employee related costs	106 093 782.42	118 903 045.39	126 241 407.68	134 660 410.97
Councillors remuneration	7 844 207.00	10 815 151.13	10 957 265.99	11 615 564.24
Total employee related costs	113 937 989.42	129 718 196.52	137 198 673.67	146 275 975.22

The employee related costs of Eden compared to the total expenditure budget represents 60.12% (2016/17: 52.26%). The reason for the increase is the new positions that was added to the revised organogram which will be approved by council in June 2017.

The employee and councillor remuneration cost compared to the total expenditure budget of Eden increased from 56,12% in 2016/17 to 65,59% in 2017/18. The reason for the increase was the councillor remuneration which was budgeted on a grade 5 municipality (\pm R2.9m increase) and the new positions added to the revised organogram.

The following list of funded vacancies were included in the budget:

BUDGETED VACANCIES 2017/2018	TOTAL	Months budgeted for:	New or old post:
New posts:			
Exec & Council: Strategic Manager	351 975,79	6 MONTHS	New
Exec & Council: Manager Office Ex Mayor	691 221,70	12 MONTHS	New
Exec & Council: Media Officer	221 617,00	8 MONTHS	New
Exec & Council: Administrator to Councillors	183 914,82	8 MONTHS	New
Office CFO: Administrative Assistant	133 855,63	6 MONTHS	New
Internal Auditor	189 437,42	8 MONTHS	New
Administrative Assistant Committee Services	196 280,28	12 MONTHS	New
Administrative Assistant HR Training	196 280,28	12 MONTHS	New
Registration & Archives: Worker	111 213,08	8 MONTHS	New
Registration & Archives: Admin Officer	179 029,85	8 MONTHS	New
Scanning Clerk	98 140,14	6 MONTHS	New
Worker/ Cleaner	98 140,14	6 MONTHS	New
Executive Manager: Planning and Economic Development	497 891,83	6 MONTHS	New
IGR/Public Participation Officer	195 936,35	8 MONTHS	New
Tourism Unit: Tourism Development Officer	300 321,15	12 MONTHS	New
Tourism Unit: Tourism Admin Officer	319 923,84	12 MONTHS	New
Performance Management: Admin Officer	211 440,31	8 MONTHS	New
Manager: EPWP, Rural Development and Job Creation	267 683,24	6 MONTHS	New
EPWP Officer	146 952,26	6 MONTHS	New
Administrator/ Data Capturer	98 140,14	6 MONTHS	New
Sub-total:	4 689 395,25		

Old posts:			
Finance: SCM / Assets / Data / Stores: Chief Clerk Stores	233 372,40	12 MONTHS	Old
Finance: BTO / Income / Expenses: SNR Acc BTO & AFS	240 924,52	8 MONTHS	Old
Finance: BTO / Income / Expenses: SNR Acc Bankrecon & Income	240 924,52	8 MONTHS	Old
Finance: BTO / Income / Expenses: Accountant Remuneration	317 160,46	12 MONTHS	Old
Finance: BTO / Income / Expenses: Creditors Clerk	244 038,19	12 MONTHS	Old
Administrative Support (HR)	238 456,79	12 MONTHS	Old
HR: OHS Officer	326 013,27	12 MONTHS	Old
Registration & Archives: Manager Support	543 945,26	8 MONTHS	Old
ADMINISTRATIVE ASSISTANT (fire services)	244 038,19	12 MONTHS	Old
Fire services: George/1xPlatoon Commander	165 604,37	12 MONTHS	Old
Fire services: George/1xPlatoon Commander	165 604,37	12 MONTHS	Old
Fire services: George/1xPlatoon Commander	165 604,37	12 MONTHS	Old
Fire services: George/1xPlatoon Commander	165 604,37	12 MONTHS	Old
Fire Services: Hessequa/1x Platoon Commander	165 604,37	12 MONTHS	Old
Fire Services: Ladismith 1XPlatoon Commander	165 604,37	12 MONTHS	Old
MHS: George/ Chief EHP	317 665,49	6 MONTHS	Old
Air Quality: District Air Quality Officer	212 029,77	6 MONTHS	Old
Sub-total:	4 152 195,09		
Grand Total	8841 590,34		

4. OTHER OPERATING EXPENDITURE

DESCRIPTION	February Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Other operating expenditure	89 083 173.68	68 046 085.98	137 737 701.86	132 969 259.83
Roads Agency Function	144 000 000.00	145 000 000.00	148 000 000.00	152 000 000.00
Total other operating expenditure	233 083 173.68	213 046 085.98	285 737 701.86	284 969 259.83

Additional allocations for the Roads Agency Function are expected over the MTREF (2017/18 – 2019/20).

Items included under other operating expenditure are as follow:

DESCRIPTION	February Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20	Note
Bad Debts	1 060 000.00	1 121 480.00	1 186 525.84	1 255 344.34	1
Depreciation	3 669 970.13	3 069 970.13	3 069 970.13	3 069 970.13	2
Repairs and maintenance	5 620 376.66	4 935 420.66	5 267 664.86	5 573 354.22	3
Contracted services	17 697 904.53	15 896 130.81	76 173 275.44	77 144 858.14	4
Own fund projects	5 582 600.68	6 871 739.11	4 211 683.05	4 755 444.37	5
General expenses	44 799 476.68	25 455 068.12	27 067 105.17	28 469 534.08	6
Provision: Alien Vegetation	424 000.00	448 592.00	474 610.34	502 137.74	7
Provision: Post Employees	5 497 244.00	5 516 084.15	5 783 117.03	6 118 537.82	8
Provision: Rehabilitation of Landfill Site	-	-	1 272 149.00	1 348 478.00	9
Actuarial Loss	4 731 601.00	4 731 601.00	4 731 601.00	4 731 601.00	10
Contribution to Capital Assets	-	-	8 500 000.00	-	11
Total other operating expenditure	89 083 173.68	68 046 085.98	137 737 701.86	132 969 259.83	

Comments on the above items:

1. There still remains a challenge with the recovery of outstanding debts especially with the firefighting fees and long outstanding councillors debt, provision of bad debt based on the audited results of the previous year
2. Depreciation amount was aligned to the audit outcome of 2015/16.
3. Management is of the opinion that the proposed amount should be sufficient to handle the current maintenance needs whilst detail maintenance plans are being compiled. The cost of repairs and maintenance is 2,5% of total budget of Eden and should be around 4,5%.
4. In 2018/19 it is expected that the regional landfill site will be up and running and that will result in a significant increase in contracted services as a private partner will be appointed to operate the landfill site, the participating B-municipalities will contribute to cover to costs of the landfill site.
5. mSCOA is the most important own funded project, as the Municipality needs to be mSCOA compliant by 1 July 2017, R 2,401,684 was budgeted for mSCOA implementation. Furthermore, R 1,000,000 was set aside for the LED Strategy Review/ Projects and R500 000 for community development.
6. Management is of the opinion that the proposed amount should be sufficient for the general expenditure for the financial year. The reason for the decrease from 2016/17 was because R20m was included for the possible settlement amount for the Lefatshe legal matter.
7. Aligned to the 2015/16 audit outcome.
8. Aligned to the 2015/16 audit outcome.
9. Provision to be made for rehabilitation of regional landfill site once in operation.
10. Aligned to the 2015/16 audit outcome. Technical query lodged during August 2016 with National/Provincial Treasury and the Auditor General with regards to employees of Roads. Still awaiting outcome.

11. The costs of the purchase of the landfill site property and other costs will be contributed towards the Capital Replacement Reserve and be cash backed in 2018/19.

5. OPERATING REVENUE:

DESCRIPTION	February Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Total operating revenue - Eden	-189 736 441.05	-200 228 670.84	-276 930 447.15	-281 195 732.92
Roads Agency Function	-144 000 000.00	-145 000 000.00	-148 000 000.00	-152 000 000.00
Total revenue	-333 736 441.05	-345 228 670.84	-424 930 447.15	-433 195 732.92

Included under operating revenue, are the following items:

DESCRIPTION	February Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20	Note
EQS - RSC Levies grant	-142 094 000.00	-146 055 000.00	-151 130 000.00	-155 816 000.00	1
Rental of Facilities and Equipment	-1 424 332.26	-3 506 943.53	-3 594 346.26	-5 802 818.34	2
Interest earned external investments	-10 773 700.00	-11 123 700.00	-10 773 700.00	-10 773 700.00	3
Interest earned outstanding debtors	-799 483.83	-845 853.89	-894 913.42	-946 818.40	4
Government Grant and subsidies	-5 118 914.00	-6 890 000.00	-8 047 000.00	-5 194 000.00	5
Profit of sale of PPE	-	-3 000 000.00	-1 500 000.00	-2 100 000.00	6
Income Agency services	-15 000 000.00	-15 300 000.00	-15 600 000.00	-16 000 000.00	7
Contributions municipalities	-626 614.05	-662 957.66	-701 409.21	-742 090.94	8
Contributions municipalities & products	-279 617.40	-1 825 835.21	-58 926 370.65	-62 461 327.28	9
Sundry income	-10 305 149.05	-10 863 575.19	-25 598 923.55	-21 185 694.42	10
Public contribution and donated PPE	-3 314 630.46	-154 805.35	-163 784.06	-173 283.54	11
Total operating revenue	-189 736 441.05	-200 228 670.84	-276 930 447.15	-281 195 732.92	

Comments on the above items:

- Budgeted as per DoRA and increase with between 2,77% and 3,5% annually, which is clearly not aligned to CPIX/inflation rate.
- A turn-around strategy for properties is currently being developed to maximise potential for properties.
- Expected that limited cash flow will be available to invest for the outer years.
- There still remains a challenge with the recovery of outstanding debts especially with the firefighting fees and long outstanding councillors debt, monthly interest is charged until these debts have been addressed either to be written off or legal action to be taken. Report will be tabled in due course to council for consideration of long outstanding debt
- Budgeted as per DoRA.
- A turn-around strategy for properties is currently being developed to maximise long term potential for properties.
- Expects additional funding to be received for the roads agency function.
- Contributions made for full time Shop Steward and TASK services.
- Contributions from B-municipalities to finalize the briefing/tender process for the regional landfill site. In year 2018/19 there will be a significant increase in contributions as it is expected that the regional landfill site will be in operation at that time and the participating municipalities will make contributions to Eden District Municipality.
- Additional admin fees are expected from 2018/19 onwards for catalytic projects
- This includes donations and the greenest municipality award.

6. CAPITAL BUDGET

Limited funding was available for the capital budget and there is a decline in the outer years which is an area of concern:

DESCRIPTION	February Adjustment Budget 2018/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20	Note
DTP COMPUTER EQUIPMENT	824 000	250 000	250 000	250 000	1
SWARTVLEI SEPTIC TANK - PROJECT	54 000	250 000	-	-	
FIRE FIGHTING - VARIOUS EQUIPMENT ITEMS	200 000	150 000	100 000	100 000	
FINGER SCANNER	50 000	-	-	-	
SMOKE DETECTOR	40 000	50 000	50 000	50 000	
STEEL SHELVES	65 000	50 000	50 000	50 000	
POOL VEHICLE	155 000	165 000	175 000	175 000	
RADIO TRANSMITTER	400 000	-	-	-	
ELECTRICITY DEMAND SIDE MANAGEMENT	3 100 000	-	-	-	
MIA (MAJOR INCIDENT ALERT) SMS SYSTEM	-	160 000	160 000	160 000	2
AEROQUILLE MOBILE ANALYZER	430 000	50 000	-	-	
WEATHER STATION	50 000	-	-	-	
LABORATORY INSTRUMENTS - MOSSEL BAY	-	58 500	-	-	
COUNCIL CHAMBERS	200 000	350 000	-	-	3
UPGRADING OF BUILDINGS / RESORTS	185 000	850 000	850 000	850 000	4
Upgrading of Security System(HO)	150 000	-	-	-	
Other Capital Items	810 295	75 000	5 500	-	5
	6 713 295	2 458 500	1 640 500	1 635 000	

Comments on the items above:

- 1 Purchase of IT equipment as per needs analysis.
- 2 Currently being investigated the linkage of a SMS system to the JOC call centre.
- 3 Council chambers: Currently the architect is compiling proposed plans for the upgrading of the council chambers.
- 4 Upgrading of buildings and resorts: Maintenance plans are being compiled and updated for properties and resorts.
- 5 Limited funding is available and not all additional requests were budgeted for.

I want to express my appreciation to the Budget Steering Committee, the Senior Managers and staff for their commitment and dedication.

Speaker, on this note, I would therefore like to recommend that council approve the following resolutions:

- (1) That the annual budget of Eden District Municipality for the financial year 2017/18 as set out in the schedules contained in Section 4 and Annexure A be approved:
 - (i) Table A1 Consolidated Budget Summary;
 - (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);
 - (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);
 - (iv) Table A4 Consolidated Budget Financial Performance (revenue and expenditure); and
 - (v) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source)
 - (vi) Table A6 Consolidated Budget Financial Position;
 - (vii) Table A7 Consolidated Budget Cash Flows
 - (viii) Table A8 Consolidated Cash backed reserves/ accumulated surplus
 - (ix) Table A9 Consolidated Asset Management

(x) Table A10 Consolidated basic service delivery measurement

(2) That council approves the Operating Revenue Budget of R 345,228,670.84.

(3) That council approves the Operating Expenditure budget of R 342,764,282.50.

(4) That council approves the Capital budget of R 2,458,500.00.

(5) That council takes note that R 145,000,000.00 operating income and expenditure as approved by Department of Public Transport for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 4.

(6) That council approves and adopts the tariffs for all services. (Annexure B)

(7) That council approve the following policies that have been reviewed and remained unchanged

- Banking, Cash Management and Investment Policy (Annexure C)
- Credit Control and Debt Collection Policy and Bylaw (Annexure D)
- Funds and Reserve Policy (Annexure E)
- Budget policy (Annexure F)
- Borrowing Policy (Annexure G)
- Longterm Financial Management Policy (Annexure H)
- Asset Management Policy (Annexure I)

(8) That council approves the amended budget related policies that have been reviewed and that have been amended, namely:

- Supply Chain Management Policy (Annexure J)

(9) That council takes note of the following Budget Circulars, namely:

- Provincial Circular No 5 (Annexure K)
- MFMA Circular No 82 (Annexure L)
- MFMA Circular No 85 (Annexure M)
- MFMA Circular No 86 (Annexure N)

SECTION 2 – RESOLUTIONS

Municipal Financial Management (Act, 56 of 2003) - SECTION 16 & 17 Municipal budgets.

These are the resolutions being presented to Council in terms of Municipal Finance Management Act, in respect of the annual budget and related information.

(1) That the annual budget of Eden District Municipality for the financial year 2017/18 as set out in the schedules contained in Section 4 and Annexure A be approved:

- (i) Table A1 Consolidated Budget Summary;
- (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);
- (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);
- (iv) Table A4 Consolidated Budget Financial Performance (revenue and expenditure); and
- (v) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source)
- (vi) Table A6 Consolidated Budget Financial Position;
- (vii) Table A7 Consolidated Budget Cash Flows
- (viii) Table A8 Consolidated Cash backed reserves/ accumulated surplus
- (ix) Table A9 Consolidated Asset Management
- (x) Table A10 Consolidated basic service delivery measurement

(2) That council approves the Operating Revenue Budget of R 345,228,670.84.

(3) That council approves the Operating Expenditure budget of R 342,764,282.50.

(4) That council approves the Capital budget of R 2,458,500.00.

(5) That council takes note that R 145,000,000.00 operating income and expenditure as approved by Department of Public Transport for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 4.

(6) That council approves and adopts the tariffs for all services. (Annexure B)

(7) That council approve the following policies that have been reviewed and remained unchanged

- Banking, Cash Management and Investment Policy (Annexure C)
- Credit Control and Debt Collection Policy and Bylaw (Annexure D)
- Funds and Reserve Policy (Annexure E)
- Budget policy (Annexure F)
- Borrowing Policy (Annexure G)
- Longterm Financial Management Policy (Annexure H)
- Asset Management Policy (Annexure I)

(8) That council approves the amended budget related policies that have been reviewed and that have been amended, namely:

- Supply Chain Mangement Policy (Annexure J)

(9) That council takes note of the following Budget Circulars, namely:

- Provincial Circular No 5 (Annexure K)
- MFMA Circular No 82 (Annexure L)
- MFMA Circular No 85 (Annexure M)
- MFMA Circular No 86 (Annexure N)

Section 3 – Executive Summary

3.1 Introduction

This budget report is tabled in terms of the Municipal Finance Management Act, 56 of 2003 and the Municipal Budget and Reporting Regulations, dated 17 April 2009.

Municipal Finance Management Act, 56 of 2003

Article 16(1) The council of a municipality must for each financial year approve an annual budget before the start of that financial year.

Article 17(1) An annual budget must be in a prescribed format.

Municipal Budget and Reporting Regulations, 17 April 2009

14) Tabling of annual budgets in municipal councils

14(1) An annual budget and supporting documentation tabled in a municipal council in terms of sections 16(2) and 17 (3) of the Act must-

- (a) Be in a format in which it will eventually be approved by the council; and*
- (b) Be credible and realistic such that it is capable of being approved and implemented as tabled*

9) Tabling of annual budget

The annual budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

3.2 Proposed Annual Budget 2017/18 -2019/20 MTREF:

The annual operating budget for the financial year 2017/18 MTREF period:

ANNUAL BUDGET 2017/18 MTREF TOTAL BEFORE CAPITAL:

DESCRIPTION	February Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Total revenue	-333 736 441.05	-345 228 670.84	-424 930 447.15	-433 195 732.92
Total expenditure	347 021 163.10	342 764 282.50	422 936 375.53	431 245 235.05
Surplus(-)/ Deficit before capital	13 284 722.05	-2 464 388.34	-1 994 071.62	-1 950 497.88

MTREF TOTAL AFTER CAPITAL:

DESCRIPTION	February Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Surplus(-)/ Deficit before capital	13 284 722.05	-2 464 388.34	-1 994 071.62	-1 950 497.88
Capital	6 713 294.71	2 458 500.00	1 640 500.00	1 635 000.00
Surplus(-)/ Deficit after capital	19 998 016.76	-5 888.34	-353 571.62	-315 497.88

2017/18 MTREF: ROADS AGENCY FUNCTION

DESCRIPTION	February Adjustment Budget 2016/17	Proposed Budget 2017/18	Budget 2018/19	Budget 2019/20
Roads Agency function - Income	-144 000 000	-145 000 000	-148 000 000	-152 000 000
Roads Agency function - Expenditure	144 000 000	145 000 000	148 000 000	152 000 000
Surplus(-)/ Deficit	-	-	-	-

It should be noted in view of operation clean audit report (OPCAR), one of the prior audit queries raised was that the agency function performed by Eden for the roads agency function had to be included in the budget, therefore R 145,000,000 has been included in the operating revenue and operating expenditure thus increasing the total of the operating budget by these amounts, but the net effect on the budget is R0.

The Proposed Annual budget resulted in a surplus of R2.5m. (It should be noted that items on the capital budget are funded from the surplus, thus the actual surplus after deducting the capital items are R5 888).

DC4 Eden - Supporting Table SA19 Expenditure on transfers and grant programmes

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		132,809	137,277	142,087	146,708	146,708	146,708	151,005	157,917	159,639
Local Government Equitable Share		129,655	134,007	138,902	142,084	142,084	142,084	146,055	151,100	155,016
Finance Management		1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,000	1,000
Municipal Systems Improvement		890	930	930	-	-	-	-	3,124	-
EPWP Incentive		1,000	1,000	1,005	1,000	1,000	1,000	1,280	-	-
NT - Rural Roads Asset Management Systems					2,364	2,364	2,364	2,420	2,663	2,814
Other transfers/grants [insert description]								-	-	-
Provincial Government:		1,554	-	-	-	-	-	1,940	1,260	1,380
PT - Integrated Transport Plan		1,554	-	-	-	-	-	900	600	900
					-	-	-	-	-	-
					-	-	-	-	-	-
Other transfers/grants [insert description]								1,040	360	480
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		134,363	137,277	142,087	146,708	146,708	146,708	152,945	159,177	161,010
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		134,363	137,277	142,087	146,708	146,708	146,708	152,945	159,177	161,910

DC4 Eden - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Operating transfers and grants:	1,2									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		139,363	163,473	160,317	146,708	146,708	146,708	151,005	157,917	159,630
Conditions met - transferred to revenue		139,363	163,473	160,317	146,708	146,708	146,708	151,005	157,917	159,630
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year			500							
Current year receipts		1,554	3,780					1,940	1,280	1,380
Conditions met - transferred to revenue		1,554	4,280	-	-	-	-	1,940	1,280	1,380
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts		4,786								
Conditions met - transferred to revenue		4,786	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		145,703	167,753	160,317	146,708	146,708	146,708	152,945	159,197	161,010
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		145,703	167,753	160,317	146,708	146,708	146,708	152,945	159,197	161,010
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

DC4 Eden - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<u>Cash Transfers to other municipalities</u> <i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Entities/Other External Mechanisms</u> <i>Insert description</i>	2										
Total Cash Transfers To Entities/Ext:		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to other Organs of State</u> <i>Insert description</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Organisations</u> <i>Insert description</i>											
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Groups of Individuals</u> <i>Insert description</i>											
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to other municipalities</u> <i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to Entities/Other External Mechanisms</u> <i>Insert description</i>	2										
Total Non-Cash Transfers To Entities/Ext:		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to other Organs of State</u> <i>Insert description</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Grants to Organisations</u> <i>Insert description</i>	4										
Total Non-Cash Grants To Organisations:		-	-	-	-	-	-	-	-	-	-
<u>Groups of Individuals</u> <i>Insert description</i>	5										
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-

DC4 Eden - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand		A	B	C	D	E	F	G	H	I
Councillors Political Office Officers plus Other	1									
Basic Salaries and Wages		5,188	5,341	5,478	5,880	4,828	4,828	5,906	5,914	7,328
Pension and UF Contributions		107	128	133	171	884	884	281	388	421
Medical Aid Contributions		107	211	280	273	120	120	142	202	217
Motor Vehicle Allowance		1,223	1,331	1,504	1,340	1,814	1,814	2,312	2,077	2,223
Cellphone Allowance		282	313	311	318	337	337	328	388	413
Housing Allowances		-	-	-	-	-	-	387	481	515
Other benefits and allowances		60	-	-	300	250	250	800	800	600
Sub Total - Councillors		7,967	7,323	7,706	8,431	7,814	7,814	10,154	10,153	11,311
% Increase	4		8.9%	3.8%	8.9%	(7.2%)	-	37.8%	1.3%	8.8%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3,288	3,515	3,570	3,718	3,718	3,718	4,014	4,255	4,681
Pension and UF Contributions		417	712	818	687	687	687	551	584	628
Medical Aid Contributions		31	-	88	85	63	63	138	183	188
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		507	384	453	554	554	554	554	587	329
Motor Vehicle Allowance	3	388	519	683	507	507	507	828	865	715
Cellphone Allowance	3	12	45	46	33	33	33	68	63	67
Housing Allowances	3	84	87	84	84	84	84	90	96	102
Other benefits and allowances	3	-	-	-	200	200	200	-	-	-
Payments in lieu of leave		-	63	69	82	82	82	70	74	70
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		4,718	5,056	5,155	5,321	5,094	5,094	5,704	5,975	6,547
% Increase	4		22.1%	2.0%	(2.7%)	(8.4%)	-	3.4%	6.1%	7.3%
Other Municipal Staff										
Basic Salaries and Wages		85,917	89,882	89,430	82,094	82,608	82,608	89,880	73,887	75,898
Pension and UF Contributions		18,332	17,682	11,454	14,031	13,186	13,186	15,210	16,184	17,285
Medical Aid Contributions		13,883	-	8,316	8,381	8,345	8,345	10,887	11,055	12,188
Overtime		1,480	1,367	1,381	1,385	2,827	2,827	2,388	2,835	2,716
Performance Bonus		(147)	(20)	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	8,241	7,438	8,486	8,080	4,743	4,743	4,840	5,280	5,185
Cellphone Allowance	3	133	(48)	5	388	235	235	115	122	150
Housing Allowances	3	823	652	787	884	733	733	879	833	880
Other benefits and allowances	3	2,822	-	794	1,822	2,321	2,321	3,957	3,874	3,736
Payments in lieu of leave		8,511	333	4,522	4,882	4,288	4,288	5,265	5,548	9,055
Long service awards		158	-	1,688	377	315	315	825	657	670
Post-retirement benefit obligations	6	2,065	5,082	5,580	-	-	-	-	-	-
Sub Total - Other Municipal Staff		127,531	121,288	130,332	99,813	100,181	100,181	113,796	115,763	121,734
% Increase	4		(5.47%)	8.8%	(8.4%)	0.4%	-	12.8%	0.2%	6.7%
Non-Elected Municipality		141,023	113,818	118,186	114,164	113,833	113,833	129,718	127,186	140,723
			(21.0%)	3.7%	0.0%	(0.1%)	-	13.0%	2.0%	6.3%
Board Members of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Board Fees		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% Increase	4		-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% Increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% Increase	4		-	-	-	-	-	-	-	-
TOTAL MUNICIPAL EMPLOYEES		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		183,622	188,619	194,108	194,169	193,833	193,833	229,718	237,186	248,332
% Increase	4		(71.8%)	2.5%	2.6%	(2.2%)	-	11.8%	8.8%	6.7%
TOTAL MANAGERS AND STAFF	5.7	148,634	118,094	126,532	101,720	106,944	106,934	118,963	126,341	134,738

DC4 Eden - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	9							
Speaker	4		445,800		90,000			535,800
Chief Whip			801,701		144,726			746,427
Executive Mayor			480,000	75,002	486,250			1,021,252
Deputy Executive Mayor			445,900	-	90,000			535,900
Executive Committee			2,527,748	183,042	441,918			3,152,708
Total for all other councillors			2,406,705	144,301	2,271,968			4,822,963
Total Councillors	9	-	6,067,956	402,345	3,504,850			10,075,151
Senior Managers of the Municipality	6							
Municipal Manager (MM)			1,352,333	88,907	380,958	222,480		2,044,688
Chief Finance Officer			838,474	227,071	210,575			1,276,120
Executive Manager: Corporate and Strategic Services			838,985	180,570	112,423	165,630		1,397,608
Executive Manager: Community Services			884,446	213,087	182,782	165,630		1,425,826
List of each official with packages >> senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	6,10	-	4,014,236	689,648	846,739	553,750		6,104,342
A Heading for Each Entity	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	6,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	10,922,163	1,091,981	4,351,588	553,750		16,919,483

DC4 Eden - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)											
Board Members of municipal entities	4										
Municipal employees	5										
Municipal Manager and Senior Managers	3										
Other Managers	7		34	31	3	21	16	5			
Professionals			39	29	-	36	23	2	24	14	2
Finance			14	8		12	9				
Spatial/Town planning											
Information Technology			6	5							
Roads			19	16							
Electricity											
Water											
Sanitation											
Refuse											
Other						24	14	2	24	14	2
Technicians			35	16	-	69	61	-	69	61	-
Finance			4	4		11	11		11	11	
Spatial/Town planning											
Information Technology						8	8		8	8	
Roads			31	12		50	42		50	42	
Electricity											
Water											
Sanitation											
Refuse											
Other											
Clerks (Clerical and administrative)			78	66	4	53	53		53	53	
Service and sales workers			40	27	32	50	46	31	50	46	31
Skilled agricultural and fishery workers						49	48	24	49	48	24
Craft and related trades			42	36							
Plant and Machine Operators			57	48	1	58	53	16	58	53	16
Elementary Occupations			195	169	21	232	220	121	232	220	121
TOTAL PERSONNEL NUMBERS	9		529	422	61	568	520	199	568	495	194
% increase						9.2%	23.2%	226.2%	(5.8%)	(4.0%)	(2.5%)
Total municipal employees headcount	6, 10		589	476	63	568	520	204	568	520	204
Finance personnel headcount	8, 10		36	32	5	40	35	5	40	35	5
Human Resources personnel headcount	8, 10		16	8	1	15	12	2	15	12	2

DC4 Eden - Supporting Table SA25 Budgeted monthly revenue and expenditure

Ref	Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	Revenue By Source															
	Property rates															
	Service charges - electricity revenue															
	Service charges - water revenue															
	Service charges - sanitation revenue															
	Service charges - refuse revenue															
	Service charges - other															
	Rental of facilities and equipment	126	126	126	126	126	126	126	126	126	126	126	2,126	3,607	3,604	3,607
	Interest earned - external investments	926	926	926	926	926	926	926	926	926	926	926	938	11,124	10,774	10,774
	Interest earned - outstanding debtors	70	70	70	70	70	70	70	70	70	70	70	71	846	865	947
	Dividends received															
	Fines, penalties and tribals															
	Licences and permits	26	26	26	26	26	26	26	26	26	26	26	28	314	164	174
	Agency services	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	548	16,300	16,000	16,000
	Transfers and subsidies	69,000	900		750	1,000	43,026		900	43,026	800	900	2,940	152,945	159,177	161,010
	Other revenue	2,000	1,600	1,000	1,200	1,600	1,300	1,500	900	1,600	1,300	604	146,960	161,164	224,726	240,605
	Total Revenue (excluding capital transfers and contributions)	63,486	4,668	3,469	4,436	4,668	46,817	3,966	4,269	47,917	4,668	4,623	163,211	345,226	424,630	435,166
	Expenditure By Type															
	Employee related costs	6,000	5,000	5,000	5,000	5,000	6,000	5,500	5,500	5,500	5,500	5,500	57,403	118,903	126,241	134,690
	Remuneration of councillors	660	660	660	660	660	660	660	660	660	660	660	3,225	10,615	10,657	11,616
	Debt impairment												1,122	1,122	1,186	1,255
	Depreciation & asset impairment	600	250	250	250	250	708	160	160	160	160	160	112	3,070	3,070	3,070
	Finance charges															
	Bulk purchases															
	Other materials															
	Contracted services	4,200	1,200	1,600	1,200	1,200	1,500	1,300	1,200	1,600	1,200	1,200	1,766	15,668	76,173	77,145
	Transfers and subsidies															
	Other expenditure	4,500	3,900	4,000	3,900	3,900	4,500	3,900	3,900	3,900	3,900	5,000	147,656	162,668	205,308	203,469
	Loss on disposal of PPE															
	Total Expenditure	11,660	11,640	11,440	11,640	15,040	12,368	11,440	11,440	11,740	11,440	12,549	211,316	345,764	422,606	431,245
	Surplus/(Deficit)	51,826	(6,971)	(7,971)	(6,971)	(10,371)	34,449	(7,474)	(7,171)	36,277	(6,771)	(8,517)	(58,105)	2,462	1,994	1,961
	Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)															
	Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)															
	Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions															
	Transfers and subsidies - capital (in-kind - all)															
	Surplus/(Deficit) after capital transfers and contributions	51,826	(6,971)	(7,971)	(6,971)	(10,371)	34,449	(7,474)	(7,171)	36,277	(6,771)	(8,517)	(58,105)	2,462	1,994	1,961
	Transfers															
	Attributable to municipalities															
	Share of surplus/ (deficit) of associate															
	Surplus/(Deficit)	51,826	(6,971)	(7,971)	(6,971)	(10,371)	34,449	(7,474)	(7,171)	36,277	(6,771)	(8,517)	(58,105)	2,462	1,994	1,961

DC4 Eden - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

R thousand	Ref	Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Revenue by Vote																		
Vote 1 - Executive and Council			60,000	4,842	4,842	4,842	4,842	43,028	4,842	4,842	43,028	4,842	4,842	8,850	192,041	197,549	205,976	
Vote 2 - Budget and Treasury Office								100			100			155	532	567	578	
Vote 3 - Corporate Services														-	-	-	-	
Vote 4 - Planning and Development														-	-	-	-	
Vote 5 - Public Safety														-	-	-	-	
Vote 6 - Health			50	15	15	15	15	15	15	15	15	15	15	8	208	221	233	
Vote 7 - Community and Social Services																		
Vote 8 - Sport and Recreation			460	350	550	400	500	1,050	900	450	450	550	550	513	6,713	7,177	7,595	
Vote 9 - Waste Management					200						150			72	422	71,252	66,940	
Vote 10 - Roads Transport														-	-	-	-	
Vote 11 - Waste Water Management														-	-	-	-	
Vote 12 - Water			25	25	25	25	25	25	25	25	25	25	25	39	314	184	174	
Vote 13 - Environment Protection																		
Vote 14 - Roads Agency Function																		
Vote 15 - Electricity																		
Total Revenue by Vote			60,325	5,032	5,009	5,082	5,182	44,218	5,502	6,132	43,768	5,232	5,232	154,636	345,229	424,838	433,106	
Expenditure by Vote to be appropriated																		
Vote 1 - Executive and Council			3,400	3,400	3,400	3,400	3,800	3,400	3,500	3,500	3,500	3,500	3,500	6,301	44,801	54,182	48,137	
Vote 2 - Budget and Treasury Office			1,800	1,800	1,800	1,800	2,000	1,800	1,900	1,900	1,900	1,900	1,900	2,135	22,635	22,891	24,591	
Vote 3 - Corporate Services			2,100	2,100	4,000	2,100	3,100	2,800	2,100	2,100	4,000	2,500	3,500	5,252	35,752	39,823	38,433	
Vote 4 - Planning and Development			900	900	1,800	950	1,500	1,000	950	1,000	1,800	900	900	2,087	14,887	15,328	16,208	
Vote 5 - Public Safety			1,500	2,000	2,000	1,800	3,100	1,050	4,000	4,000	3,000	3,000	2,500	3,940	31,880	32,584	34,272	
Vote 6 - Health			2,000	2,000	2,000	2,000	3,500	2,000	2,500	2,500	2,500	2,500	2,500	1,578	27,578	28,658	30,288	
Vote 7 - Community and Social Services														-	-	-	-	
Vote 8 - Sport and Recreation			900	900	900	900	2,500	900	950	950	950	950	950	880	12,840	13,348	14,323	
Vote 9 - Waste Management			150	150	150	150	400	160	160	150	160	160	160	363	2,283	82,208	66,898	
Vote 10 - Roads Transport			3,320											-	3,320	3,583	3,714	
Vote 11 - Waste Water Management														-	-	-	-	
Vote 12 - Water			200	200	5	200	400	200	200	200	5	200	200	4	18	19	20	
Vote 13 - Environment Protection														(121)	2,279	2,254	2,384	
Vote 14 - Roads Agency Function														145,000	145,000	148,000	152,000	
Vote 15 - Electricity														-	-	-	-	
Total Expenditure by Vote			16,278	13,450	16,255	13,400	20,300	13,405	16,250	16,300	18,065	15,900	16,100	167,430	342,764	422,936	431,245	
Surplus/(Deficit) before assoc.			44,255	(8,418)	(10,046)	(8,318)	(15,118)	30,813	(10,668)	(11,168)	25,763	(10,368)	(10,868)	(12,794)	2,465	1,994	1,951	
Taxation														-	-	-	-	
Attributable to minorities														-	-	-	-	
Share of surplus/ (deficit) of associate														-	-	-	-	
Surplus/(Deficit)			1	44,255	(8,418)	(10,046)	(8,318)	(15,118)	30,813	(11,168)	25,763	(10,368)	(10,868)	(12,794)	2,465	1,994	1,951	

DC4 Eden - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional																
Governance and administration		80,000	4,842	4,819	4,842	4,842	43,126	4,842	4,842	42,120	4,842	4,842	9,004	102,572	189,116	209,803
Executive and council		80,000	4,842	4,842	4,842	4,842	43,026	4,842	4,842	43,026	4,842	4,842	8,850	102,041	187,649	205,976
Finance and administration		-	-	177	-	-	100	-	-	100	-	-	155	632	657	678
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		690	368	688	416	616	1,088	916	465	465	665	665	621	6,921	7,399	7,399
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		450	350	650	400	600	1,050	800	400	450	550	550	513	8,713	7,177	7,656
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		50	15	15	15	15	15	15	15	15	15	15	8	208	221	233
Health		28	25	25	25	25	25	25	25	25	25	145,025	39	145,514	146,184	182,174
Economic and environmental services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		25	25	25	25	25	25	25	25	25	25	145,000	39	145,000	148,000	152,000
Trading services		-	-	200	-	-	-	-	-	180	-	-	72	422	71,282	68,840
Energy services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	200	-	-	-	-	-	150	-	-	72	422	71,282	68,840
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional		80,625	5,032	5,008	5,002	5,102	44,218	5,052	5,102	43,718	5,232	160,232	9,038	346,229	434,930	433,190
Expenditure - Functional																
Governance and administration		7,300	7,300	9,200	7,300	8,900	8,160	7,600	7,600	9,400	7,900	8,900	21,008	119,969	125,381	121,038
Executive and council		3,400	3,400	3,400	3,400	3,400	3,400	3,500	3,500	3,500	3,500	3,500	6,677	43,977	53,551	47,461
Finance and administration		3,900	3,900	3,800	3,900	5,100	4,700	4,000	4,000	5,000	4,400	5,400	13,467	64,467	68,224	70,811
Internal audit		-	-	-	-	-	-	-	-	-	-	-	2,463	2,463	2,808	2,764
Community and public safety		4,400	4,900	4,900	4,800	9,100	3,800	7,400	7,400	8,450	8,400	8,900	4,038	68,838	72,894	78,280
Community and social services		900	900	900	900	2,300	900	950	950	950	950	950	890	8,358	8,065	8,448
Sport and recreation		1,500	2,000	2,000	1,900	3,100	1,050	4,000	4,000	3,000	3,000	2,500	(1,573)	28,478	28,782	28,130
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		2,000	2,000	2,000	2,000	3,500	2,000	2,500	2,500	2,500	2,500	2,500	(1,039)	24,382	25,088	27,252
Health		4,400	1,169	2,000	1,100	1,800	1,209	1,100	1,209	2,000	1,100	148,100	(6,448)	186,874	186,378	184,987
Economic and environmental services		800	900	1,800	850	1,500	1,000	950	1,000	1,800	900	800	(8,328)	8,274	8,558	8,889
Planning and development		3,320	200	200	200	400	200	200	200	200	200	200	(121)	148,350	151,883	165,714
Road transport		200	200	200	200	400	200	200	200	185	180	180	367	2,279	2,254	2,394
Environmental protection		180	180	185	180	460	165	160	160	185	180	180	-	2,281	62,228	66,908
Trading services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy services		-	-	5	-	-	5	-	-	5	-	-	4	18	19	20
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		150	150	150	150	400	150	150	150	150	150	150	2,953	2,953	62,209	65,586
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional		16,270	13,459	16,266	13,400	20,300	13,405	16,259	16,300	18,005	15,800	161,100	22,430	342,784	422,938	431,246
Surplus/(Deficit) before assoc.		44,255	(8,416)	(10,846)	(8,398)	(15,198)	30,813	(10,807)	(11,198)	25,713	(10,308)	(10,868)	(12,392)	2,465	1,994	1,961
Share of surplus (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	44,255	(8,416)	(10,846)	(8,398)	(15,198)	30,813	(10,807)	(11,198)	25,713	(10,308)	(10,868)	(12,392)	2,465	1,994	1,961

DC4 Eden - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		-	-	174	-	-	174	-	-	174	-	-	174	700	350	350
<i>Executive and council</i>		-	-	87	-	-	87	-	-	87	-	-	89	350	-	-
<i>Finance and administration</i>		-	-	87	-	-	87	-	-	87	-	-	89	350	350	350
<i>Internal audit</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	432	-	-	506	-	-	338	-	-	206	1,650	1,201	1,205
<i>Community and social services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Sport and recreation</i>		-	-	300	-	-	450	-	-	200	-	-	150	1,100	850	850
<i>Public safety</i>		-	-	120	-	-	120	-	-	120	-	-	132	610	435	435
<i>Housing</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Health</i>		-	-	3	-	-	6	-	-	9	-	-	13	31	3	-
<i>Economic and environmental services</i>		-	-	25	-	-	25	-	-	25	-	-	34	100	-	-
<i>Planning and development</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Road transport</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Environmental protection</i>		-	-	25	-	-	25	-	-	25	-	-	34	100	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Energy services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Water management</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Waste water management</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Waste management</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	-	-	631	-	-	704	-	-	507	-	-	507	2,450	1,041	1,035
Funded by:																
<i>National Government</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Provincial Government</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>District Municipality</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other funds and grants</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Treasury recognised - capital</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Public contributions & donations</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Borrowing</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Internally generated funds</i>		-	-	631	-	-	704	-	-	507	-	-	507	2,450	1,041	1,035
Total Capital Funding		-	-	631	-	-	704	-	-	507	-	-	507	2,450	1,041	1,035

DC4 Eden - Supporting Table S450 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source															
Property rates															
Service charges - electricity revenue															
Service charges - water revenue															
Service charges - sanitation revenue															
Service charges - refuse revenue															
Service charges - other															
Rental of facilities and equipment	128	128	128	128	128	128	128	128	128	128	128	128	2,128	3,507	3,507
Interest earned - external investments	928	928	928	928	928	928	928	928	928	928	928	928	11,124	10,774	10,774
Interest earned - outstanding debtors	70	70	70	70	70	70	70	70	70	70	70	70	840	805	847
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and tribals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	28	28	28	28	28	28	28	28	28	28	28	28	336	184	174
Agency services	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	16,092	16,000	16,000
Transfer receipts - operational	60,000	900	-	760	1,000	43,028	-	900	43,028	800	900	2,840	132,945	130,177	181,010
Other revenue	1,300	1,500	1,000	1,200	1,500	1,300	1,600	900	1,600	1,300	804	140,880	181,194	224,728	240,806
Cash Receipts by Source	63,496	4,966	2,368	4,456	4,868	48,817	3,068	4,288	47,817	4,488	4,824	152,211	345,229	424,938	433,186
Other Cash Flows by Source															
Transfer receipts - capital															
Transfers and subsidies - capital (secondary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term financing															
Increase (decrease) in consumer deposits															
Increase (decrease) in non-current debtors															
Increase (decrease) in non-current liabilities															
Total Cash Receipts by Source	63,496	4,966	2,368	4,456	4,868	48,817	3,068	4,288	47,817	4,488	4,824	152,211	345,229	424,938	433,186
Cash Payments by Type															
Employee related costs	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	67,400	110,903	134,880
Remuneration of councillors	800	800	800	800	800	800	800	800	800	800	800	800	9,600	10,815	11,816
Finance charges															
Bulk purchases - Electricity															
Bulk purchases - Water & Sewer															
Other materials															
Contracted services	1,200	1,200	1,500	1,200	1,200	1,800	1,200	1,200	1,800	1,200	1,200	1,708	16,808	78,173	77,146
Transfers and grants - other municipalities															
Transfers and grants - other	4,500	3,500	4,000	3,800	3,800	4,500	3,900	3,900	3,900	3,600	6,000	147,668	182,859	205,308	203,480
Other expenditure															
Cash Payments by Type	11,500	10,700	11,300	10,700	10,700	11,600	11,200	11,200	11,600	11,200	12,300	218,982	334,572	410,880	428,826
Other Cash Flows/Payments by Type															
Capital assets			631			794			637			637	2,469	1,841	1,826
Repayment of borrowing															
Other Cash Flows/Payments															
Total Cash Payments by Type	11,500	10,700	11,931	10,700	10,700	12,394	11,200	11,200	12,237	11,200	12,937	219,619	336,413	412,706	430,652
NET INCREASE(DECREASE) IN CASH HELD	52,000	(6,000)	(8,333)	(6,333)	(6,000)	36,443	(8,132)	(6,912)	35,600	(6,712)	(7,513)	(67,377)	4,100	4,000	4,841
Carrying forward balance at the previous year end	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Cash/cash equivalents at the monthly year end	63,000	48,000	37,667	31,667	27,000	47,443	38,868	34,088	46,600	34,288	26,487	44,623	15,100	15,000	15,841

DC4 Eden - NOT REQUIRED - municipality does not have entities

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R million										
Financial Performance										
Property rates										
Service charges										
Investment revenue										
Transfers recognised - operational										
Other own revenue										
Contributions recognised - capital & contributed assets										
Total Revenue (excluding capital transfers and contri		-	-	-	-	-	-	-	-	-
Employee costs										
Remuneration of Board Members										
Depreciation & asset impairment										
Finance charges										
Materials and bulk purchases										
Transfers and grants										
Other expenditure										
Total Expenditure		-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		-	-	-	-	-	-	-	-	-
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - operational										
Public contributions & donations										
Borrowing										
Internally generated funds										
Total sources		-	-	-	-	-	-	-	-	-
Financial position										
Total current assets										
Total non current assets										
Total current liabilities										
Total non current liabilities										
Equity										
Cash flows										
Net cash from (used) operating										
Net cash from (used) investing										
Net cash from (used) financing										
Cash/cash equivalents at the year end										

DC4 Eden - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand

DC4 Eden - Supporting Table SASS Contracts having future budgetary implications

Description	Rat	Preceding Years	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entity:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

DC4 Eden - Supplementing Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Actual Outcome	Actual Outcome	Actual Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20
Capital expenditure on new assets by asset class										
Information										
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Road Structures		-	-	-	-	-	-	-	-	-
Road Pavement		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Soft Mains		-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	-	-	-
Distribution Points		-	-	-	-	-	-	-	-	-
PIV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Pretreatment		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
Outfall Pipes		-	-	-	-	-	-	-	-	-
Tidal Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Waste Transfer Station		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Stability Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Pavement		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sea Pumps		-	-	-	-	-	-	-	-	-
Piers		-	-	-	-	-	-	-	-	-
Promenades		-	-	-	-	-	-	-	-	-
Promenades		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-	-	-
Core Layers		-	-	-	-	-	-	-	-	-
Distribution Layers		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Current Year 2016/17		1,228	8,854	2,017	700	8,300	8,300	2,400	1,841	1,805
Community Facilities		1,228	8,854	2,017	400	4,320	4,320	1,100	1,801	1,805
Halls										
Centres										
Centres										
Cinema										
Cinema/Care Centres										
Fire/Ambulance Stations					870					
Trading Stations										
Museums										
Galleries										
Theatres										
Libraries										
Conservatories/Greenhouses										
Parks										
Parks										
Public Open Spaces										
Nature Reserves										
Public Amenities Facilities										
Hotels										
Stubs										
Abattoirs										
Alpines										
Yard/Workshop/Workshop										
Capital Spares		1,228	8,854	2,017		8,300	8,300	2,400	1,841	1,805
Sport and Recreation Facilities					120					
Indoor Facilities					120					
Outdoor Facilities										
Capital Spares										

Heritage assets	-	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-	-
Municipal Offices	-	-	-	-	-	-	-	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-	-
Water Rights	-	-	-	-	-	-	-	-	-	-
Effluent Licences	-	-	-	-	-	-	-	-	-	-
Solid Waste Licences	-	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	-	-	-	-	-	-	-	-	-
Land Settlement Software Applications	-	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	105	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	105	-	-	-	-	-	-
Machinery and Equipment	-	-	-	480	-	-	-	-	-	-
Machinery and Equipment	-	-	-	480	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	1,228	8,854	2,017	1,329	6,308	6,308	2,456	1,641	1,635

DC4 Eden - Supporting Table 8A34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/SCC class										
Infrastructure		-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	-	-	-
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps		-	-	-	-	-	-	-	-	-
Piers		-	-	-	-	-	-	-	-	-
Revetments		-	-	-	-	-	-	-	-	-
Promenades		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-	-	-
Core Layers		-	-	-	-	-	-	-	-	-
Distribution Layers		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-

Community Assets	-	-	-	1,988	-	-	-	-	-
Community Facilities	-	-	-	200	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-
Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	-	200	-	-	-	-	-
Twining Stations	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Prisons	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Baths	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Rank/Bus Terminate	-	-	-	-	-	-	-	-	-
Capital Space	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	1,780	-	-	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	-	1,780	-	-	-	-	-
Capital Space	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	186	-	-	-	-	-
Operational Buildings	-	-	-	186	-	-	-	-	-
Municipal Offices	-	-	-	-	-	-	-	-	-
Pay/Equity Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-
Capital Space	-	-	-	186	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
Capital Space	-	-	-	-	-	-	-	-	-
Biological or Cultural Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights	-	-	-	-	-	-	-	-	-
Ethical Licences	-	-	-	-	-	-	-	-	-
Solid Waste Licences	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	-	-	-	-	-	-	-	-
Land Settlement Software Applications	-	-	-	-	-	-	-	-	-
Unpatented	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	280	-	-	-	-	-
Computer Equipment	-	-	-	280	-	-	-	-	-
Furniture and Office Equipment	-	-	-	1,680	-	-	-	-	-
Furniture and Office Equipment	-	-	-	1,680	-	-	-	-	-
Machinery and Equipment	-	-	-	180	-	-	-	-	-
Machinery and Equipment	-	-	-	180	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Soft, Marine and Nonbiological Assets	-	-	-	-	-	-	-	-	-
Soft, Marine and Nonbiological Assets	-	-	-	-	-	-	-	-	-
Total Capital Expenditure as a percentage of total assets	1	-	-	4.8%	-	-	-	-	-
Recovery of Existing Assets as a % of total assets	0.0%	0.0%	0.0%	78.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recovery of Existing Assets as a % of total assets	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%

DC4 Eden - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-Class										
Infrastructure		-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads										
Road Structure										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										

Community Assets	-	-	-	-	-	-	2,491	-	-
Community Facilities	-	-	-	-	-	-	1,466	-	-
Halls	-	-	-	-	-	-	-	-	-
Canteens	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Clinical/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Rescue Stations	-	-	-	-	-	-	1,466	-	-
Trading Stations	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Conservation Centres/Jobs	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Ports	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Abolition Facilities	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Alparks	-	-	-	-	-	-	-	-	-
Road Haulage/Bus Terminals	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	1,035	-	-
Indoor Facilities	-	-	-	-	-	-	1,035	-	-
Outdoor Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Other assets	2,867	7,970	-	-	-	-	1,287	4,030	4,294
Operational Buildings	2,867	7,970	-	-	-	-	1,287	4,030	4,294
Municipal Offices	2,867	7,970	-	-	-	-	1,287	4,030	4,294
Pay/Security Poles	-	-	-	-	-	-	-	-	-
Building Plant Office	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licences	-	-	-	-	-	-	-	-	-
Solid Waste Licences	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	-	-	-	-	-	-	-	-
Local Software Software Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	1,178	1,237	1,308
Computer Equipment	-	-	-	-	-	-	1,178	1,237	1,308
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Assets	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Assets	-	-	-	-	-	-	-	-	-
Total Assets and Movable Expenditure	1	2,867	7,970	-	-	-	4,612	6,298	6,602
R&M as a % of PPE	1.1%	4.0%	0.0%	0.0%	0.0%	0.0%	2.0%	3.7%	3.6%
R&M as % Operating Expenditure	0.4%	1.0%	0.0%	0.0%	0.0%	0.0%	1.4%	1.0%	1.3%

DC4 Eden - Supporting Table SA34d Depreciation by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		2,876	5	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	-	-	-
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		2,876	5	-	-	-	-	-	-	-
Landfill Sites		2,876	5	-	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps		-	-	-	-	-	-	-	-	-
Piers		-	-	-	-	-	-	-	-	-
Revetments		-	-	-	-	-	-	-	-	-
Promenades		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-	-	-
Core Layers		-	-	-	-	-	-	-	-	-
Distribution Layers		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-

Community Assets	446	217	-	-	-	-	-	-	-
Community Facilities	313	177	-	-	-	-	-	-	-
Halls									
Cinema									
Crickets									
Cinema/Care Centre									
Fire/Rescue Station	313	177							
Tenning Stadium									
Museum									
Galleries									
Theatre									
Library									
Cometodon/Cranetodon									
Police									
Post									
Public Open Space									
Nature Reserve									
Public Toilet Facilities									
Markets									
Stalls									
Abolition									
Alpaca									
Teddy Bear/Bus Terminal									
Capital Space									
Sport and Recreation Facilities	133	40	-	-	-	-	-	-	-
Indoor Facilities	133	40							
Outdoor Facilities									
Capital Space									
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	-	134	-	-	-	-	-	-	-
Revenue Generating	-	134	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Non-revenue Generating	-	134	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Other assets	668	1,060	3,278	4,067	3,670	3,670	3,670	3,670	3,670
Operational Buildings	668	1,060	3,278	4,067	3,670	3,670	3,670	3,670	3,670
Municipal Offices		628							
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centre									
Manufacturing Plant									
Depots									
Capital Space	668	227	3,278	4,067	3,670	3,670	3,670	3,670	3,670
Housing	-	-	-	-	-	-	-	-	-
Staff Housing									
Social Housing									
Capital Space									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets	-	587	-	-	-	-	-	-	-
Services									
Licences and Rights	-	587	-	-	-	-	-	-	-
Water Rights									
Effluent Licences									
Solid Waste Licences									
Computer Software and Applications									
Local Government Software Applications		587							
Unpatented									
Computer Equipment	513	660	-	-	-	-	-	-	-
Computer Equipment	513	660							
Furniture and Office Equipment	-	384	-	-	-	-	-	-	-
Furniture and Office Equipment		384							
Machinery and Equipment	228	114	-	-	-	-	-	-	-
Machinery and Equipment	228	114							
Transport Assets	-	223	-	-	-	-	-	-	-
Transport Assets		223							
Libraries	-	-	-	-	-	-	-	-	-
Libraries									
Plant, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Plant, Marine and Non-biological Animals									
Total Depreciation	1	4,870	1,289	3,278	4,067	3,670	3,670	3,670	3,670

DC4 Eden - Supporting Table SA34a Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	-	-	-
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Retreatment		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sea Pumps		-	-	-	-	-	-	-	-	-
Piers		-	-	-	-	-	-	-	-	-
Revetments		-	-	-	-	-	-	-	-	-
Protections		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-	-	-
Core Layers		-	-	-	-	-	-	-	-	-
Distribution Layers		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-

Community Assets	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-
Cafeterias	-	-	-	-	-	-	-	-	-
Cinemas	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Arms/Police Stations	-	-	-	-	-	-	-	-	-
Trading Stations	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Conservatories/Greenhouses	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Abolition Facilities	-	-	-	-	-	-	-	-	-
Machols	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Alpines	-	-	-	-	-	-	-	-	-
Yacht Harbours/Bus Terminals	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-
Investment Properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Municipal Offices	-	-	-	-	-	-	-	-	-
Pay/Expiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Service Licences	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licences	-	-	-	-	-	-	-	-	-
Solid Waste Licences	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	-	-	-	-	-	-	-	-
Local Software and Applications	-	-	-	-	-	-	-	-	-
Unpatented	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing	-	-	-	-	-	-	-	-	-
Upgrading of Existing Assets as % of total capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Upgrading of Existing Assets as % of depreciation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

DC4 Eden - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Executive and Council		350	-	-				
Vote 2 - Budget and Treasury Office		-	-	-				
Vote 3 - Corporate Services		350	350	350	250	250	250	250
Vote 4 - Planning and Development		-	-	-				
Vote 5 - Public Safety		518	435	435	25	25	25	25
Vote 6 - Health		31	8	-				
Vote 7 - Community and Social Services		-	-	-				
Vote 8 - Sport and Recreation		1,100	850	850	200	200	200	200
Vote 9 - Waste Management		-	-	-				
Vote 10 - Roads Transport		-	-	-				
Vote 11 - Waste Water Management		-	-	-				
Vote 12 - Water		-	-	-				
Vote 13 - Environment Protection		109	-	-				
Vote 14 - Roads Agency Function		-	-	-				
Vote 15 - Electricity		-	-	-				
List entity summary if applicable								
Total Capital Expenditure		2,459	1,641	1,635	475	475	475	475
Future operational costs by vote	2							
Vote 1 - Executive and Council		41,578	51,884	45,903	48,198	50,808	53,138	55,785
Vote 2 - Budget and Treasury Office		22,851	26,308	24,747	25,884	27,284	28,648	30,080
Vote 3 - Corporate Services		34,408	38,828	40,824	42,885	45,008	47,258	49,822
Vote 4 - Planning and Development		13,615	14,187	14,990	15,739	16,528	17,353	18,220
Vote 5 - Public Safety		31,382	31,898	33,610	35,291	37,055	38,808	40,853
Vote 6 - Health		28,097	29,488	31,258	32,821	34,462	36,185	37,995
Vote 7 - Community and Social Services		-	-	-	-	-	-	-
Vote 8 - Sport and Recreation		12,560	13,253	14,240	14,952	15,699	16,484	17,308
Vote 9 - Waste Management		2,245	82,189	85,886	69,159	72,617	76,248	80,081
Vote 10 - Roads Transport		3,320	3,563	3,714	3,900	4,085	4,299	4,514
Vote 11 - Waste Water Management		-	-	-	-	-	-	-
Vote 12 - Water		18	19	20	21	22	23	24
Vote 13 - Environment Protection		2,517	2,507	2,655	2,788	2,927	3,073	3,227
Vote 14 - Roads Agency Function		145,000	148,000	152,000	158,600	167,580	175,959	184,757
Vote 15 - Electricity		-	-	-	-	-	-	-
List entity summary if applicable								
Total future operational costs		338,570	421,915	428,827	451,318	473,884	497,578	522,457
Future revenue by source	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment		1,507	1,584	1,687	1,788	1,895	2,009	2,130
List other revenue sources if applicable								
List entity summary if applicable								
Total future revenue		1,507	1,584	1,687	1,788	1,895	2,009	2,130
Net Financial Implications		339,522	421,981	428,775	458,005	472,483	496,044	520,802

DC4 Entry - Supporting Table SAS Detailed Capital Budget

Municipal Year/Capital project	Fid	Program/Project description	Project number	DP Code	Individuality Approved (Y/N/NA)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project Information	
										Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20	Ward location	New or renewal
R Overview	4			2	6	3	3	5								
Overall summary:																
List of capital projects grouped by Municipal Year																
Corporate Services		IT Equipment	NA	S22	Yes	Other Assets	Computers - Administrative	New	250	-	-	250	250	250	Head Office	
Spent and Recreation		Security - Security Project	NA	S22	Yes	Community	Recreational facilities	New	250	-	-	250	250	250	Swanhill Road	
Public Safety		Fire Fighting - Various Equipment	NA	S23	Yes	Community	Fire safety & emergency	New	150	-	-	150	150	150	Fire Station	
Corporate Services		Finger Scanner and System	NA	S22	Yes	Other Assets	Furniture and other office equipment	New	-	-	-	-	-	-	Head Office	
Corporate Services		Door Control	NA	S22	Yes	Other Assets	Furniture and other office equipment	New	-	-	-	-	-	-	Head Office	
Corporate Services		Security Detector	NA	S22	Yes	Other Assets	Buildings	New	50	-	-	50	50	50	Head Office	
Corporate Services		Gate Sensors	NA	S22	Yes	Other Assets	Furniture and other office equipment	New	50	-	-	50	50	50	Head Office	
Public Safety		Foot Vehicle	NA	S21	Yes	Other Assets	Ground vehicles	New	165	-	-	165	165	165	Head Office	
Public Safety		Public Transporter	NA	S21	Yes	Community	Fire safety & emergency	New	-	-	-	-	-	-	Fire Station	
Public Safety		NA (Major Incident Alert) SMS System	NA	S21	Yes	Community	Fire safety & emergency	New	100	-	-	100	100	100	Fire Station	
Environmental Protection/Air Quality		Atmospheric Mobile Analyser	NA	S21	Yes	Community	Plant & equipment	New	50	-	-	50	50	50	Atmospheric Mobile Analyser	
Environmental Protection/Air Quality		Residue Station	NA	S21	Yes	Community	Plant & equipment	New	-	-	-	-	-	-	Atmospheric Mobile Analyser	
Executive and Council		Council Chamber	NA	S21	Yes	Other	Other	New	350	-	-	350	350	350	Head Office	
Spent and Recreation		Upgrading of Buildings / Resorts	NA	S21	Yes	Community	Recreational facilities	New	850	-	-	850	850	850	Spent / Recreation	
Corporate Services		Upgrading of Security Systems (H3)	NA	S22	Yes	Other	Other	New	-	-	-	-	-	-	Head Office	
Corporate Services		Asset Equipment Values	NA	S22	Yes	Other	Other	New	75	-	-	75	75	75	Head Office	
Grand Capital expenditure	1											2,480	1,641	1,655		

DC4 Eden - Supporting Table B403 Consolidated detailed operational projects

Municipal Water Operational project list	Program/Project description	Project number	ICP Cost code	Individually Approved (Y/N/NA)	Asset Class	Asset Sub-Class	SPS co-ordinator	Total Project Estimate	Prior year outcomes	2017/18 Medium Term Revenue & Expenditure Framework			Project Information
Item number									Audited Outcomes 2016/17	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location
4			2	0									
Final municipality: List of operational projects grouped by Municipal Water													
				No									
Parent operational expenditure													
Entity: List of operational projects owned by EMO													
Entity A													
Water project A													
Entity B													
Electricity project B													
Entity Operational expenditure													
Total Operational expenditure													

ANNEXURE B

TARIFFS

AIR QUALITY

AIR QUALITY 2017/2018	
TARRIF LIST/ STRUCTURE	
Registration of Controlled Emitters: Registration fees will be charged in line with Eden Air Quality by-Laws and tariff structure.	
R5000 per application	
REVIEW OF ATMOSPHERIC EMISSION LICENCE: included in above Processing fee calculator	
SPOT FINES IN TERMS OF EDEN AIR QUALITY BY-LAW- see attached	
SMOKE CHECK OF VEHICLES	
R400 per test (excl. VAT)	400
IN STACK EMISSION MONITORING (TESTO 350)	
Combustion Efficiency	400
CO	450
CO2	450
NOX	450
SO2	450
H2S	450
Flow rate	400
CO2	450
NOX	450
SO2	450
H2S	450
Flow rate	400
TARRIF LIST/ STRUCTURE	

ATMOSPHERIC EMISSION LICENCE PROCESSING FEES:

Processing fees for Atmospheric Emission Licence (AEL) applications will be charged in terms of Annexure A, contained in the Regulations prescribing the atmospheric emission licence processing fee, 2016 as per Government Notice 250 published 11 March 2016.

Annexure A:

Application for new AEL	Application for AEL review	Application for AEL renewal	Application for AEL transfer
R10 000 per listed activity	R10 000 per listed activity under review	R5 000 per listed activity	R2000

ADMINISTRATIVE FINES

Administrative fines in terms of Section 22A of the National Environmental Management, Air Quality Act, 2004, (Act 39 of 2004).
Administrative fines will be charges in terms of Annexure 1 of The Regulations for the Procedure and Criteria to be followed in the Determination of an Administrative Fine in terms of section 22A of the Act, 2016 as per Government Notice 332 of 18 March 2016.

Annexure 1

Minimum fine	Yes/No	Amount
For operating illegally		R200 000
Aggravating factors/ criteria	Yes/No	Additional amount to the minimum fine (if yes)
Each year in which the facility has operated without a licence.		R200 000 per year, i.e. each 12 month cycle.
The facility for which the application is submitted is in a declared Priority Area in terms of section 18 of the Act		R1000 000

Maximum fine may not exceed R5 million in terms of Section 22A.

**EDEN DISTRICT MUNICIPALITY AIR QUALITY BY-LAW
OFFENSES AND PENALTIES**

Section Contravened	Description of Offense	Proposed Fine (1)	Approved fine (2)
DUTY OF CARE			
8(1)	Every person who is wholly or partially responsible for causing air pollution or creating a risk of air pollution occurring.	R2000	
8(2)	Failing to take measures to prevent and/ or mitigate air pollution and/or failing to comply with a directive.	R2000	
8(4)	Failing to pay recovery of cost by the municipality.	R2000	
8(5)(a)	Unlawfully and intentionally or negligently commit any act or omission which causes or is likely to cause air pollution	R2000	
8(5)(b)	Refuse to comply with a directive.	R2000	
LOCAL EMISSIONS STANDARDS, NORMS AND STANDARDS			
11(3)	Any person who is emitting substances or mixtures of substances exceeding the emission standards published in terms of this By-law.	R2500	
CONTROLLED EMITTERS			
14(1)	The installation, altering, extension or replacement of any fuel-burning equipment of a Controlled Emitter without the prior written authorization of Council.	R2500	
14(6); 15(3)	Failing to remove fuel-burning equipment from the premises at the expense of the owner and operator and within the period stated in a notice.	R2500	
15(1)	The use or operation of any fuel-burning equipment of Controlled Emitters on any premises contrary to the authorisation.	R2500	
16(1)	Refusal or failing to install emission measuring equipment and or to do emissions monitoring if and when required by an authorized person.	R2500	
MONITORING AND SAMPLING			
16(1)(a)	Failing to record all monitoring and sampling results and maintain a copy of this record for at least four years after obtaining the results	R500	
16(1)(b)	Failing to produce the record of the monitoring and sampling results for inspection.	R500	
16(1)(c)	Failing to provide a written report, in a form and by a date specified by the authorised person, of part or all of the information in the record of the monitoring and sampling results.	R500	
DUST EMISSIONS			
17(1)	Any person conducting listed activities or controlled emitters that refuse to take control measures to prevent or minimize dust emissions into the atmosphere.	R2500	
17(2)(i-vii)	Refusing or failing to implement the control measures to minimize or control dust emissions from Controlled Emitters and Listed Activities.	R2500	

3

OFFENSIVE ODOURS			
18(1)	Conducting a listed activity and or Controlled Emitter or part of Listed Activity and Controlled Emitter which cause an offensive odour.	R2500	
18(2)	Refusing or failing to implement control measures to minimize or control offensive odours from Controlled Emitters and Listed Activities or part of Listed Activities and Controlled Emitters.	R2500	
18(3)	Failing to implement necessary mechanisms such as monitoring or any other activity determined by the authorized person to identify the substance(s) causing the offensive odour.	R2500	
18(4)	Failing or refusing to implement necessary offensive odour control measures and any alternative control measure approved by the air quality officer or his or her delegated representative.	R2500	
ABATEMENT NOTICE			
19(1)	Failing to adhere to the conditions set in an abatement notice	R2500	
19(1)(a)	Failing to abate the offensive odour within the required time frame.	R2500	
19(1)(b)	Failing to take all necessary steps to prevent a recurrence of the offensive odour.	R2500	
19(1)(c)	Failing to comply with any other conditions contained in the notice.	R2500	
LICENSING OF LISTED ACTIVITIES			
21(1)	Undertaking a Listed Activity, as published in terms of section 21 of the Air Quality Act, without being in possession of an Atmospheric Emission Licence.	R2500	
21(2)(a)	Failing to make the application for an Atmospheric Emission License on the prescribe format.	R1000	
21(2)(b)	Failing to provide accompanied documents or information as may be required by the Air Quality Officer.	R1500	
21(2)(c)	Failing to pay the prescribed processing fee determined by Council from time to time.	R2500	
21(3)	Failing to furnish additional information such as, but not limited to, a specialist air quality impact study and/or proof of a public participation process.	R1000	

I hereby certify that the admission of guilt fines list in the above table as submitted by the Eden District Municipality have been approved by me in terms of Section 57(5)(a) and 341(5) of the Criminal Procedure Act, 51 of 1977, for the Magisterial Districts of: George, Oudtshoorn, Mossel Bay, Riversdale, Knysna, Heidelberg, Calitzdorp, Ladismith, Plettenberg Bay
The determination replaces any previous determination for the said Magisterial District.

Magistrate

Date stamp

FIRE SERVICES

EDEN DISTRICT MUNICIPALITY

FIRE SERVICES CHARGES

Vat inclusive

BY-LAW RELATING TO TARIFFS, CHARGES AND FEES

2017/2018

1. SPECIALIZED FIRE FIGHTING SERVICES:

		Tariff
1.1. This will include all Fire vehicles, all manpower, water supplies and pump attendance during actual rendering of a specialized fire fighting services . (Per hour or part thereof) (excluding travelling time)		R4,220.00
Humanitarian Assistance	Free.....
1.2. Contracted services 3rd party invoice amount plus 10% handling fee		
1.3. Additional Consumables:	Purchase Price plus 10% handling fee	
1.4. Standby: (Per hour or part thereof) (excluding travelling time)		R 1,430.00
1.5. Air Support Services:	Purchase Price plus 10% handling fee	
1.6. Assistance requested outside EDEN DM boundary: (Per hour or part thereof)		R 5,250.00
1.7. Fire safety/ fire prevention inspection	Per kilometer tariff	
	LDV:	4.75P/KM
	Sedan type:	4.20P/KM
	Per inspection (all inclusive tariff	R 600.00
1.8. Fire Permit	Per Kilometer tariff	
	LDV:	R4.80/KM
	Sedan type:	R4.20P/KM
	Per inspection (all inclusive tariff	R 600.00
1.9. Certified copy of incident report	Per copy	R 100.00
Public education	Free.....
1,10. Water Delivery	Per kilometer tariff	R 13.10
Add:Price of Water as per supplier Invoice plus 10% handling fee		
1,11. RENT INCOME OF TENTS	Per day	
	5x5 m Army tent	R 400.00
	10x20 Marque tent	R 7,500.00
1,11. RENT INCOME OF GENERATORS	Per day	
	70 KVA	R 640.00
	40 KVA	R 620.00
	6 KVA	R 200.00
1,12. SPECIAL SERVICES		
First aid or Fire safety assistance	Per event per official	R 500.00
Travelling or equipment use	Per km	
	10 seater or minibus	R 6.00
	Sedan vehicle	R 4.20
	Light delivery vehicle	R 4.75
	Medium tanker	R 9.00
	Major tanker	R 12.00
	Consumables actual cost	plus 10%

COMMUNICATION

EDEN DISTRICT MUNICIPALITY

PROPOSED TARIFFS 2015/2016

PROVIDING INFORMATION TO THE PUBLIC

(VAT Included)

		2013/2014	2014/2015	2015/2016	2016/2017
(a)	Issuing of a duplicate account (per account)	R 3.70	R 3.90	R 4.10	R 4.30
(b)	Tracking fees: Plan/documentation (p/property)	R 35.80	R 37.70	R 39.60	R 41.90
(c)	Tracking fees: GIS(p/property)	R 70.60	R 74.40	R 78.64	R 82.90

SUPPLY CHAIN MANAGEMENT TARIFFS

		2013/2014	2014/2015	2015/2016	2016/2017
(a)	Tender Documents		R 75.00	R 80.00	

EDEN DISTRICT MUNICIPALITY

PROPOSED TARIFFS 2017/2018

SENDING OF FAXES		Tariff 2017/2018	Tariff 2018/2019	Tariff 2019/2020
<i>Sending</i>				
LOCAL		R 1.20 1st Page R0.50 per page thereafter	R 1.30 1st Page R0.50 per page thereafter	R 1.40 1st Page R0.50 per page thereafter
NATIONAL		R 4.50 1st Page R2.00 per page thereafter	R 4.80 1st Page R2.00 per page thereafter	R 5.00 1st Page R2.00 per page thereafter
068		R 7.20 1st Page R 3.00 per page thereafter	R 7.80 1st Page R 3.00 per page thereafter	R 8.00 1st Page R 3.00 per page thereafter

165

ITEM		Tariff 2017/2018	Tariff 2018/2019	Tariff 2019/2020
PHOTOCOPIES		R	R	R
A0				
A1		18.10	17.20	18.40
A2		8.50	9.10	9.70
A3		0.70	0.75	0.80
A4		0.70	0.75	0.80

GIS OFFICE

ITEM	Tariff 2017/2018	Tariff 2018/2019	Tariff 2019/2020
PHOTOCOPIES			
A0	29.30	R 31.20	33.20
A1	16.10	R 17.10	18.20
A2	8.10	R 8.60	9.20
A3	0.60	R 0.60	0.70
A4	0.60	R 0.60	0.70
NORMAL PLOT			
A0	161.50	R 172.00	183.20
A1	80.70	R 86.00	91.60
A2	47.90	R 51.00	54.30
A3	27.70	R 29.50	31.40
A4	20.20	R 21.50	22.90
FLOOD PLOT			
A0	320.50	R 341.30	363.50
A1	161.50	R 172.00	183.20
A2	80.70	R 86.00	91.60
A3	47.90	R 51.00	54.30
A4	32.80	R 35.00	37.30
OTHER			
AKTEX / enquiry	16.40	R 17.50	18.60
CD	23.40	R 24.90	26.50
LABELS & CARDBOARD / sheet (INK excl.)	1.90	R 2.00	2.10
DATA / Block	70.60	R 75.20	80.00
A4 LAZER PRINT BLACK (INT)	2.30	R 2.50	2.70
A4 LAZER PRINT COLOUR (INT)	3.00	R 3.20	3.40
A4 LAZER PRINT BLACK	2.80	R 3.00	3.20
A4 LAZER PRINT COLOUR (INT)	6.30	R 6.70	7.10
A0 PHOTO PAPER	99.70	R 106.20	113.10
A1 PHOTO PAPER	55.40	R 59.00	62.80
A2 PHOTO PAPER	33.20	R 35.40	37.70
A3 PHOTO PAPER	22.20	R 23.60	25.10

HEALTH SERVICES

EDEN DISTRIKSMUNISIPALITEIT TARIEWE LYS/TARIFF LIST MUNISIPALE GESONDHEID/MUNICIPAL HEALTH	2017/18 BEGROTING/ BUDGET (VAT INCL)	2018/19 BEGROTING/ BUDGET (VAT INCL)	2019/20 BEGROTING/ BUDGET (VAT INCL)
1. Uitreiking van 'n gesondheidsverslag en/of Geskiktheidsertifikaat behalwe as uitreiking op versoek van 'n Owerheid geskied./ Issuing of a health report and/or COA except when issued on request of an authority	R178.00	R188.00	R 199.00
2. Gesondheidsmonitering met die opgraving en herbegrawing van lyke./ Health monitoring at the exhumation and reburial of human remains.	R515.00	R544.00	R576.00
3. Waterkwaliteitsmonitering/ Water Quality Monitoring:			
3.1 Alle monsters geneem op versoek (behalwe op versoek van 'n owerheid) R135.00 per monsternemingsessie, plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM./ All samples taken on request (except on request of an authority): R135 per sampling session plus laboratory costs of laboratory contracted by Eden DM.	R178.00	R188.00	R199.00
3.2 Met die aansoek om 'n geskiktheidsertifikaat vir 'n voedselpersoneel wie nie deur 'n watervoorsieningsowerheid bedien word nie: R135.00 per monsternemingsessie (bakteriologies & chemies), plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM./ With an application for a COA for a food premises not serviced by a water service authority: R135 per sampling session plus laboratory costs of laboratory contracted by Eden DM.	R178.00	R188.00	R199.00
3.3 Waar daar na aanleiding van 3.2 opvolgmonsters geneem moet word, nadat daar nie aan die SANS 241 Kode vir Waterkwaliteit voldoen is nie: R135.00 per monsternemingsessie, plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM./ Where within reference to 3.2 follow-up sample(s) needs to be taken in cases where samples did not comply to SANS 241 code for water quality: R135 per sampling session plus laboratory costs of laboratory contracted by Eden DM.	R178.00	R188.00	R199.00
3.4 Alle daaropvolgende roetine monsternemings vir bakteriologiese en/of chemiese analise by persone wat oor 'n Geskiktheidsertifikaat beskik./ All subsequent routine bacteriological and/or chemical sampling on premises in possession of a COA.	GRATIS	GRATIS	GRATIS
4. Melkmonitering op versoek van verskaffers van melk en melk-produkte/ Sampling of milk and milk products of purveyors	R178.00	R188.00	R199.00
4.1 Alle monsternemings vir bakteriologiese of chemiese analise: R135.00 per monsternemingsessie, plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM./ All bacteriological and chemical sampling. R135 per sampling session plus laboratory costs of laboratory contracted by Eden DM.			
4.2 Opvolgmonsters geneem op versoek in gevalle waar daar nie voldoen is aan die bepalings van die Wet op Voedingsmiddels, Skoonheidsmiddels & Ontsmettingsmiddels 1972 (Wet 54 van 1972) nie: R135.00 per monsternemingsessie, plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM./ Follow up samples taken on request in cases where samples did not comply to the precision of the	R178.00	R188.00	R199.00

Foodstuffs, Cosmetics & Disinfectant Act, 1972 (Act 54 of 1972) R135 per sampling sessions plus laboratory costs of laboratory contracted by Eden DM.	R178.00	R188.00	R199.00
5. Kommentaar ten opsigte van melkuitoersertifikate/ Commentary reports in respect of milk export certificates.	R178.00	R188.00	R199.00
6. Geskiktheidsertifikaat vir voedselpersoneel/ Issuing of COA's for food premises in terms of R918 Uitreiking van Geskiktheidsertifikaat ingevolge die Regulasie met betrekking tot die algemene higiëniese vereistes vir voedselpersoneel en die vervoer van voedsel: Regulasie betreffende melkstalle en die vervoer van melk: R961/ Issuing of a Certificate of Acceptability in terms of R961	R178.00	R188.00	R199.00
6.1 R144.45 per aansoek (eenmalige betaling). / First application (once off payment)	R595.00	R630.00	R667.00
6.2 Inspeksie uitgevoer kragtens artikel 4.5 van R962 na aan- leiding van 'n versoek vir die opheffing van 'n verbod op die gebruik van 'n perseel of fasiliteit./ An inspection carried out in terms of Section 4.5 of R962 with reference to an application for the lifting of a ban on the use of a premises or facility.	R178.00	R188.00	R199.00
6.3 Die vervanging van 'n Geskiktheidsertifikaat/ Replacement of a COA	R178.00	R188.00	R199.00
7. Gesondheidsinspeksie by personeel, anders as voedsel- personeel, waar daar ingevolge die Wet op Besighede 'n lisenjie uitgereik moet word./ Health Inspections at premises excluding food premises, for the issuing of a health report in respect of an application for trading licenses in terms of the Businesses Act. Aansoek om die uitreiking van 'n Gesondheidsverslag ten opsigte van die lisenjie/ Issuing of a Health Report.	R286.00	R303.00	R320.00
8. Uitreik van sertifikaat vir die verwydering/of vernietiging van voedselprodukte ongeskik vir menslike verbruik./ The issuing of certificate for the removal/destruction of food stuffs, unfit for human consumption.			
9. Uitreik van 'n begrafnisondernemings perseel ingevolge R237 van 1985 Issuing of a Funeral undertakers premises registered in terms of R237 of 1985	R178.00	R188.00	R199.00

**EDEN DISTRICT MUNICIPALITY HEALTH BY- LAW
OFFENSES AND FINES**

Section Contravened	Description of Offense	Approved Fine
HEALTH NUISANCES		
4(1)(a)	Creating a health nuisance	
4(1)(b)	Performing any act which might cause a health nuisance	R300 R300
4(1)(c)	Organising or permitting an activity, event or function creating a health nuisance	
4(1)(d)(i)	Permitting unauthorised handling or use of any material in a public place, which might cause a health nuisance	R 300
4(1)(d)(ii)	Introducing or handling any liquid or solid substance in a public place, which might cause a health nuisance	R 300 R 300
4(1)(e)	Carrying, conveying or causing or permitting to be carried or conveyed any objectionable material, liquid or solids that are not covered with suitable material to prevent the creation of a health nuisance	
4(1)(f)	Directly, indirectly or negligently allowing a health nuisance to be created or continued	R 300 R 300
5(1)(a)	Failure by an owner, occupier or user of land to: (i) ensure that a municipal health nuisance does not exist or occur on his/her land (ii) eliminate the health nuisance within 24 hours of becoming aware of the existence or if he or she is unable to eliminate the nuisance, failure to: (aa) take steps to reduce the risk to municipal health (bb) report the existence of health nuisance to the municipality	R 300
5(1)(b)	Failure by an owner, occupier or user of land to, for the purposes of eliminating or reducing the quantity of: (i) flies, use fly-traps or any other approved method to ensure optimum performance (ii) mosquitoes - (aa) drain accumulated water at least once every 7 days (bb) cover accumulated water with oil (cc) provide a mosquito-proof cover and pump for a well (dd) fit tanks, barrels and similar containers with mosquito-proof covers or mosquito wire gauze (ee) regularly clean blocked or sagging gutters and downpipes (ff) vermin, use mouse traps or vermin poison	R 300
5(2)	Failing to ensure that every well, hole, etc. is not filled in a way that may cause other sources to be polluted or contaminated to create a health nuisance	R 300
5(3)	Failing to place all waste in refuse receptacles and to be disposed of in a manner contemplated in section 23	R 500
KEEPING OF ANIMALS		
7(1)	Keeping of animals, birds, etc. on any premises in a manner that constitutes a health nuisance	
8(1)	Failure by an owner, user or occupier of land to dispose of the carcass of an animal, bird, etc. which died on such land within 24 hours of its death	R 300 R 500
8(2)	Failure of an owner, user or occupier of land to dispose of the carcass of marine fauna that washed up on land within 24 hours of the discovery thereof	R 500

8(4)(a)	Failing to dispose of a carcass by: (a) having it removed by a registered animal organization or person authorised to do so; (b) burying it at a facility approved by the Municipality (c) having the carcass of an animal that died of a disease, removed by a registered animal organization	R 500
8 (5)	Conveying the carcass of an animal, bird, etc.,... through a street or in a manner that creates a municipal health nuisance	R 500
9.	Keeping animals, birds, etc. in close proximity to any building or facility in a condition that may be injurious or dangerous to the health of the occupants of neighbouring buildings or facilities	R 500
	ANIMAL ESTABLISHMENTS	
10(1)	Failure by an owner or operator of a dog kennel or cattery to: (a) discharge waste and storm water into a sewerage or other approved system (b) store food in a rodent free receptacle with close fitting lids (c) provide isolation facilities, made of durable material, for sick dogs and cats (d) store animal waste in solid containers with tight fitting lids and failing to remove and dispose it on a daily basis (e) clean enclosures on a daily basis and keep it in a hygienic condition	R 500
10(2)	Operating a dog kennel or cattery in any building, structure or enclosure which has direct access to, or has a door, window or other opening to any existing habitable room or any existing room where food is stored, processed or sold	R 500
11(1)(a)(i)	Failure to use cages made of non corrosive material fitted with duplicate impervious movable trays, tubular fittings that are closed at the end	R 500
11(1)(a)(ii)	Using cages where the bottoms thereof are less than 450mm above the floor or yard level	R 500
11(1)(b)	Failing to store animal bedding in a space which is not rodent-proof	R 500
11(1)(c.)	Failing to store perishable food for animal in a refrigerator which can maintain a temperature not exceeding 7°C	R 500
11(1)(d)	Failing to provide toilet facilities and a wash basin with running water for employees	R 500
11(1)(e)	Covering more than 70% of the floor area with cages or goods incidental to the business	R 500
11(1)(f)	Failing to store animal and bird waste in solid containers with tight fitting lids and failing to remove and dispose it on a daily basis	R 500
11(1)(g)	Failing to clean cages and enclosures on a daily basis and keep it in a hygienic condition	R 500
11(2)	Operating a pet shop or pet parlour in any building, structure or enclosure which has direct access to, or has a door, window or other opening within 4 metres of any door, window or other opening to any existing habitable room or any existing room where food is stored, processed or sold	R 500

ACCOMMODATION ESTABLISHMENTS

14	Failing to ensure that premises, household facilities, eating utensils, linen and bedding is kept in a clean and hygienic condition	R 500
SWIMMING POOLS AND WATER RELATED RECREATIONAL FACILITIES		
17(1)(a)	Failing to keep premises in a safe and clean condition	R 500
17(1)(b)	Failing to ensure that water is at all times purified, treated and maintained to set standards	R 500
18(1)	Failing to use water from an approved source to fill, clean or maintain the water level of a swimming pool	R 500
19(1)(a)	Failing to keep water free from flowing, suspended or settled debris. Etc.	R 500
19(1)(b)	Failing to keep walls, floors, access ladders, steps, etc. free from slime or algae	R 500
19(1)(c)	Allowing Total Plate Count bacteria to exceed 100 organisms per ml of water	R 500
19(1)(d)	Allowing faecal coliform bacteria to be present in any test of 100 ml of water	R 500
19(1)(e)	Allowing free chlorine residual to be less than 1mg/liter	R 500

BARBERS, HAIRDRESSERS, BEAUTICIANS, BODY PIERCERS AND TATTOOISTS

21(1)	Using the premises of a salon for a purpose other than for the carrying on of the business of barber, hairdresser, etc.	R 500
21(2)(a)	Failing to keep a first aid kit on the premises	R 300
21(2)(b)	Failing to have an appliance to sterilize or disinfect an instrument that have come in contact with human skin, hair, blood, etc.	R 500
21(2)(c)	Failing to use only professional tattoo and body piercing machines designed to prevent contamination of needle sets and failing to store needles in single, service, sealed autoclaved bags which must be opened in the presence of the client	R 500
21(2)(d)	Failing to ensure that all clip cords and spray bottles have triggers and grasp areas, which grasp areas must be protected and disposed after use on each client	R 300
21(2)(e)	Failing to disinfect any blade, razor, etc. by applying a suitable disinfectant after each use	R 300
21(2)(f)	Failing to wear disposable latex or nitrile examination gloves for the duration of the procedure	R 300
21(2)(g)	Failing to disinfect his or her hands before and after rendering any service	R 300
21(2)(h)	Failing to directly after treatment, clean and disinfect a surface that has been contaminated by body fluids	R 300
21(2)(i)	Failing to dispose of any gloves or other disposable material after each use	R 300
21(2)(j)	Failing to wash, with disinfectant clothing and surfaces	R 300
21(2)(k)	Not disposing all waste water, sharp instruments, blooded and or contaminated disposable towels and paper in an approved manner	R 300
21(2)(l)	Failing to store sharp instruments in a separate container	R 300
21(2)(m)	Failing to after each use, wash and clean all plastic and cloth towels	R 300
21(2)(n)	Failing to keep premises, tools, etc. in a hygienic condition at all times	R 300
21(2)(o)	Failing to dispose of waste such as hair, clippings, etc. in accordance with section 27.	R 300
21(2)(p)	Allowing animals, excluding a guide dog accompanying a blind person to enter the premises	R 300
21(2)(q)	Failing to provide employees with protective clothing, not training any workers and not ensuring that employees comply with the provisions of the by-law	R 300

WASTE MANAGEMENT

23(1)(a)	Storing, recovering and disposing waste in a manner that might endanger human health	R 1,000
23(1)(b)	Storing, recovering and disposing waste without using processes or methods which may prevent harm to human health	R 1,000
23(1)(c)	Storing, recovering and disposing waste in a manner that might create a health nuisance	R 1,000
25(1)(a)	Storing empty containers in which hazardous waste was stored in a manner that might - (i) pollute the environment or cause harm to human health (ii) create a health nuisance	R 1000 R 1000
25(1)(b)	Failing to mark a container in which hazardous waste was stored with the date on which the container is stored	R 1,000
25(1)(c)	Failing to mark a container in which hazardous waste was stored, while stored on site, with the words "Hazardous Waste".	R 1,000
25(1)(d)	Failing to fence off a storage area for containers in which hazardous waste was stored to prevent unauthorised access	R 1,000
27(1)	Failing by a generator, transporter or disposer of health care waste to sort, pack contain, handle, store, transport and dispose health care waste in accordance with this part	R 2,500
27(2)	Allowing the sorting, packing, handling of health care waste to cause a health nuisance or safety hazard to any handler thereof or any other person or the environment in general	R 2,500
27(4)	Failing to inform the responsible authority by written notice in the prescribed format of the intention to engage in an activity which may cause health care waste to be generated prior to the generation of such health care waste	R 1,500
27(6)	Failing to dispose, store, transport, process or take appropriate measures as required by written notice by the municipality	R 2,000
27(7)	Failing to notify the municipality in writing of any changes occurring in respect of any of the matters stipulated in the notice given to the municipality regarding the intention to generate health care waste as contemplated in section 27(4).	R 2,000
27(8)	Failing to notify the municipality within 6 months of the commencement of this by-law of health care waste that are generated as a result of activities which commenced prior to the commencement of this by-law	R 2,000
27(9)	Failing to provide periodic training on proper health care waste handling to all employees.	R 1,500
28(1)	Failing to keep and store health care waste generated on the premises, until it is collected from the premises.	R 1,500
28(2)(a)	Failing to store perishable health care waste at a temperature not exceeding 4°C.	R 2,500
28(2)(b)	Failing to keep a health care waste storage area - (i) vermin-proof, insect-proof and rodent-proof (ii) in a manner that it does not have an easily cleanable floor and wall finish (iii) totally enclosed (iv) in a manner that it does not have adequate ventilation and lighting (v) locked	R 2500
28(2)(c)	Failing to store health care waste in a health care waste storage area until it is loaded or removed for final disposal	R 2,500
28(2)(d)	Failing to clean on - site spills immediately	R 2,500
28(2)(e)	Failing to disinfect and clean interior surfaces of storage areas on a daily basis	R 1,500
28(3)	Failing to make provision for unrefrigerated health care waste to be removed on weekends and public holidays	R 1,500
28(4)(a)-(d)	Failing to have health care waste sterilized by a service provider prior to final disposal at a municipality disposal facility by autoclave, microwave, chemical treatment or incineration	R 2,500
28(6)(a)	Failing to put health care waste which has not been sterilized and which are rendered non - infectious in a red heavy duty plastic bag at the point of generation or at disposal site designated for health care waste.	R 2,500

28(6)(b)	Failing to put health care waste which has been sterilized by autoclave, microwave, chemical or other non-burning method in a yellow heavy duty plastic bag.	R 1,000
28(6)(c.)	Failing to discard cytotoxic or genotoxic pharmaceutical health care waste and associated contaminated materials in a container which is labeled cytotoxic waste or genotoxic waste.	R 2,500
28(6)(d)	Failing to place sharp objects into a rigid, sealed, plastic container which is labeled cytotoxic sharps and not making provision for the safe discarding of the longest Trocar needle.	R 2,500
28(7)	Failing to adhere to the requirements for colour coded containers when health care waste is moved or transported	R 2,000
29(1)	Transport of health care waste by transporters who are not approved health care waste transporters.	R 2,500
29(2)(a)	Failing to comply with the requirements set for loading compartments of vehicles used for the transport of health care waste.	R 2,500
29(2)(b)	Failing to man a transport vehicle with employees who are adequately trained in the effective use of the Spillkits and clean -up procedure.	R 2,500
29(2)(c.)	Failing to clean every loading compartment on a daily basis with disinfectants and chemicals	R 1,000
29(3)	Failure by a licensee to collect and dispose of health care waste to inform the municipality at those intervals stipulated by the municipality about: (a) the removal of health care waste (b) the date of removal and the quantity (c) the composition of the health care waste (d) the facility at which the health care waste has been disposed.	R 2 500
30(1)	Disposal of health care waste at a site other than an approved site	R 2,500

WATER & SANITATION

32(1)(a)	Failing to keep water passages open and free of obstruction so as to prevent the creation of a health nuisance	R 300
32(1)(b)	Failing to construct a bund wall around a tank that contain a substance that can create a health nuisance, of a size that contains the volume of the largest tank in the event of any unlawful or accidental discharge from the tank or tanks.	R 300
32(1)(c)	Failing to clean any industrial surface area so as to prevent the pollution of storm water which may result in adverse impacts on the quality of any surface and ground water.	R 500
32(2)(a)	Locating a disposal site within the one hundred year flood line of any water resource	R 500
32(2)(b)	Creating a municipal health nuisance by using coal, coal discard, etc. to construct a slurry, evaporation or catchments dam.	R 500

DISPOSAL OF CORPSES AND DISTURBANCE OF MORTAL REMAINS

33(1)(a)	Interring a corpse in such a manner that it constitutes a municipal health nuisance in that the lid of the coffin or the top coffin is less than 1500mm in depth.	R 1,000
34(1)(a)	Disturbing a corpse or mortal remains without an environmental health practitioner being present.	R 1,000
34(1)(b)	Re-open a grave without the Environmental Health Practitioner being present.	R 1,000
34(1)(c)	Removing a corpse from a grave without an Environmental Health Practitioner present.	R 1,000
34(1)(d)	Exhuming a corpse while cemetery is open for the public	R 1,000
34(2)	Re-opening a grave for the purpose of interring a second corpse without the approval of the municipality	R 1,000

ENFORCEMENT

35(3)	Failing to comply with the notice of compliance in terms of section 36(1)	R 300
36(4)(e)	Failing to comply with a notice of compliance in terms of section 36(4)(e)	R 300

**FOODSTUFFS, COSMETICS AND DISINFECTANTS ACT, 54 OF 1972
OFFENCES AND FINES**

	<p>(a) Selling, manufacturing or importing any foodstuff, cosmetics or disinfectant -</p> <p>(i) which contains or has been treated with a prohibited substance</p> <p>(ii) which contains a particular substance in a greater measure than that permitted by regulation or has been treated with a substance containing a particular substance in a greater measure than that permitted by regulation</p> <p>(iii) which does not comply with any standard of composition, strength, purity or quality prescribed by regulation for or in respect of it or any standard so prescribed for or in respect of any of its attributes</p> <p>(iv) the sale of which is prohibited by regulation</p> <p>(b) Selling, manufacturing or importing any foodstuff, cosmetics or disinfectants -</p> <p>(i) which is contaminated, impure or decayed, or is, or is in terms of any regulation deemed to be, harmful or injurious to human health, or</p> <p>(ii) which contains or has been treated with a contaminated, impure or decayed substance or a substance which is, or is in terms of any regulation deemed to be harmful or injurious to human health</p> <p>(c) Selling, manufacturing or importing any foodstuff, cosmetic or disinfectant -</p> <p>(i) which contains or has been treated with a substance not present in any such foodstuff when it is in a normal, pure and sound condition; or</p> <p>(ii) to which any substance has been added so as to increase the mass volume of such foodstuff with the object to deceive; or</p> <p>(iii) from which any substance or ingredient has been abstracted, removed or omitted with the result that its nutritive value or other properties, in comparison with those of such a foodstuff in a normal, pure and sound condition, are diminished or otherwise detrimentally affected; or</p> <p>(iv) which has been treated in such manner that its damaged or unsound condition or inferior quality is concealed whether entirely or partly</p>	<p>R200</p> <p>R200</p> <p>R200</p> <p>R200</p> <p>R200</p> <p>R200</p> <p>R200</p> <p>R200</p>
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MICROBIOLOGICAL STANDARDS FOR FOODSTUFFS AND RELATED MATTERS REGULATIONS

(GN R682 IN GG 17993 of 16 May 1997)

	<p>In the case of cooked sea-water and freshwater foods such as prawns, shrimps, crayfish, lobsters, crab meat, oysters, mussels, clams, eels or fish -</p> <p>(a) a histamine content of more than 10 mg per 100 grams of the foodstuff, when tested according to AOAC (Association of Official Analytical Chemists) method 977.13(1990), shall indicate decomposition of the foodstuff, and more than 20 mg per 100 grams shall render the foodstuff unsafe for human consumption;</p> <p>(b) no antibiotics shall be present</p> <p>(c) no organisms of the genera Salmonella and Shigella and no species of Escherichia coli Type 1. Vibrio cholerae and V. parahaemolyticus shall be present in 20 grams;</p> <p>(d) no coagulase - positive Staphylococcus aureus shall be present in 20 grams;</p> <p>(e) the number of coliform organisms other than Escherichia coli Type 1 shall not exceed 1 000 per 100 gram; and</p> <p>(f) the total colony count of organisms shall not exceed 100 000 per gram when such a foodstuff is tested by the pour-plate method on plate-count agar at 30°C for 72 hours.</p>	<p>R200</p> <p>R200</p> <p>R200</p> <p>R200</p> <p>R200</p>
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Reg 6(2)

Reg 7	<p>No person shall sell cooked poultry -</p> <p>(a) which contains the following:</p> <p>(i) Antibiotics and other antimicrobial substances in amounts that exceed the maximum levels determined in the regulations governing maximum limits for veterinary medicine and stock remedy residues that may be present in foodstuff, published by Government Notice R1809 of 3 July 1982;</p> <p>(ii) organisms of the genera <i>Salmonella</i>, <i>Shigella</i> and <i>Escherichia</i> in 20 grams;</p> <p>(iii) <i>Staphylococcus aureus</i> in 20 grams;</p> <p>(iv) <i>Clostridium perfringens</i> in 20 grams; and</p> <p>(b) of which the total colony count of organisms exceeds 10 000 per gram when such foodstuff is tested by the pourplate method on plate-count agar at 30°C for 72 hours.</p>	R200 R200 R200 R200
Reg 2	<p>No person shall sell any foodstuff to which any colourant has been applied or added, except in so far as provided for as follows:</p> <p>(a) Only the colourants listed in Annex 1 may be used as colourants in foodstuff.</p> <p>(b) Colourants may be used only in the foodstuff listed in Annex III, IV, and V and subject to the conditions specified therein.</p> <p>(c) Colourants shall not be used in foodstuff listed in Annex II, except where expressly permitted in Annex III, IV, or V.</p> <p>(d) Colourants permitted for certain uses only are listed in Annex IV.</p> <p>(e) Colourants permitted in general in foodstuffs and their Conditions of use are specific in Annex V.</p> <p>(f) The maximum levels indicated in the Annexes relate to foodstuffs in the ready-to-eat form, unless otherwise stated.</p>	R200 R200 R200 R200 R200 R200
FUNERAL UNDERTAKERS'S PREMISES (GN R237 In GG 9582 of February 1985)		
Reg 2(1) Reg 11(1)	<p>Preparing a corpse except on funeral undertaker's premises in respect of which a certificate of competence has been issued and is in effect.</p> <p>Use of an undertaker's premises where the following is not provided for:</p> <p>(a) A preparation room for the preparation of corpses.</p> <p>(b) Change-rooms, separate for each sex, for the use of the employees employed at such premises.</p> <p>(c) Refrigeration facilities for the refrigeration of corpses</p> <p>(d) Facilities for the cleansing of vehicles on such premises</p> <p>(e) Facilities for the loading and unloading of corpses</p>	R 500 R300 R300 R300 R300 R 300
Reg 11(2)	Using a room on funeral undertaker's premises for any purpose other than the purpose for which it is intended	R 300
Reg 11(3) (a)	<p>Using a preparation that -</p> <p>(i) is not separated from all other rooms on the premises and that cannot communicate with any office or salesroom.</p> <p>(ii) does not enable obnoxious odours and vapours to be adequately treated; and</p> <p>(iii) is insufficiently ventilated and lighted</p>	R300 R300 R300

Reg 12(2)	<p>Failure to -</p> <p>(a) Provide clean protective over-clothes consisting of surgical gloves, gumboots, plastic aprons so designed that the front hangs over the top of the gumboots, face masks and linen overcoats to all employees and all other persons involved in post-mortems, and each such employee or other person shall, at all times when so involved, wear such clothing;</p> <p>(b) keep such premises free of insects;</p> <p>(c) cause all working areas or surfaces at such premises where corpses are prepared to be cleaned immediately after the preparation of any corpse;</p> <p>(d) cause all equipment used for the preparation of corpses to be washed and disinfected immediately after use;</p> <p>(e) daily cause all protective cover-clothes that have been used to be washed, cleansed and disinfected on the premises; and</p> <p>(f) if a corpse has been transported without a moisture proof covering, cause the loading space of the vehicle concerned to be washed and disinfected after such corpse has been removed.</p>	<p>R300</p> <p>R300</p> <p>R300</p> <p>R300</p> <p>R300</p>
	<p>LABELLING AND ADVERTISING REGULATIONS</p> <p>(GN R2034 in GG 15226 of 29 October 1993)</p>	
Reg 2 (1)	Importing, selling or manufacturing foodstuff of which the packaging, or the bulk stock from which it is taken, is not labelled in accordance with the provisions of these Regulations	R 200

RESORTS

VICTORIA BAY				
2016/2017 + 2017/2018 + 2018/2019 + 2019/2020				
Detail	Rate 2016/2017	Rate 2017/2018	Rate 2018/2019	Rate 2019/2020
SITES WITH COMMUNAL ABLUTION FACILITIES				
IN SEASON				
WESTERN CAPE SCHOOL HOLIDAYS				
SEA BREEZE	R 365.00	R 455	R 570	R 710
RAILWAY TERRACE	R 400.00	R 500	R 625	R 780
OUT OF SEASON				
WESTERN CAPE SCHOOL HOLIDAYS				
SEA BREEZE	R 210.00	R 260	R 330	R 410
RAILWAY TERRACE	R 210.00	R 260	R 330	R 410
SITES WITH INDIVIDUAL ABLUTION FACILITIES				
IN SEASON				
WESTERN CAPE SCHOOL HOLIDAYS				
WESTERN TERRACE	R 421.00	R 525	R 660	R 820
OUT OF SEASON				
WESTERN TERRACE	R 265.00	R 330	R 415	R 520

SWARTVLEI				
2016/2017 + 2017/2018 + 2018/2019 + 2019/2020				
Detail	Rate 2016/2017	Rate 2017/2018	Rate 2018/2019	Rate 2019/2020
IN SEASON				
WESTERN CAPE SCHOOL HOLIDAYS				
SITES WITHOUT ELECTRICITY	R 295	R 370	R 460	R 580
SITES WITH ELECTRICITY	R 345	R 430	R 540	R 675
OUT OF SEASON				
WESTERN CAPE SCHOOL HOLIDAYS				
SITES WITHOUT ELECTRICITY	R 165	R 205	R 260	R 320
SITES WITH ELECTRICITY	R 200	R 250	R 310	R 390
DAY VISITORS				
Per vehicle	R 65	R 80	R 100	R 125
Per person	R 25	R 30	R 40	R 50

CALITZDORP SPA

2016/2017 + 2017/2018 + 2018/2019 + 2019/2020

FACILITY		FIN YEAR				
			OUT OF SEASON		IN SEASON	
Swimming Pool Chalets 1-20	Per unit 4-sleeper	16/17	R	700.00	R	850.00
		17/18	R	770.00	R	935.00
		18/19	R	850.00	R	1,030.00
		19/20	R	935.00	R	1,135.00
Mountain Chalets 22 & 24	Per unit 4-sleeper	16/17	R	500.00	R	750.00
		17/18	R	550.00	R	825.00
		18/19	R	605.00	R	910.00
		19/20	R	665.00	R	1,000.00
Mountain Chalets 21, 23, 25	per unit 6-sleeper	16/17	R	700.00	R	800.00
		17/18	R	770.00	R	880.00
		18/19	R	850.00	R	970.00
		19/20	R	935.00	R	1,070.00
Mountain Chalets	Per unit 4-sleeper	16/17	R	450.00	R	650.00
		17/18	R	495.00	R	715.00
		18/19	R	545.00	R	790.00
		19/20	R	600.00	R	870.00

Mountain Chalets	Per unit 6-sleeper	16/17	R	600.00	R	680.00
		17/18	R	660.00	R	750.00
		18/19	R	725.00	R	825.00
		19/20	R	800.00	R	910.00
Day Visitors	Per person/vehicle	16/17				
		17/18				
		18/19				
		19/20	R25 per person R40 Per Vehicle			
Caravan & Tent Site With Electricity	See notes	16/17	R	245.00	R	325.00
		17/18	R	270.00	R	360.00
		18/19	R	300.00	R	400.00
		19/20	R	330.00	R	440.00
Caravan & Tent Site Without Electricity	See notes	16/17	R	180.00	R	190.00
		17/18	R	200.00	R	210.00
		18/19	R	220.00	R	230.00
		19/20	R	245.00	R	255.00
Conferences (Hall & Restaurant)	per day	16/17	R	900.00		
		17/18	R	1,035.00		
		18/19	R	1,190.00		
		19/20	R	1,370.00		
Kitchen without crockery and cutlery	per day	16/17	R	580.00		
		17/18	R	670.00		
		18/19	R	770.00		
		19/20	R	885.00		

DE HOEK MOUNTAIN RESORT					
2016/2017 + 2017/2018 + 2018/2019 + 2019/2020					
FACILITY		FIN	OUT OF SEASON		IN SEASON
4-sleeper Chalet	Per unit	16/17	R	470.00	R 650.00
		17/18	R	520.00	R 715.00
		18/19	R	575.00	R 785.00
		19/20	R	635.00	R 865.00
6-sleeper Chalet	Per unit	16/17	R	560.00	R 735.00
		17/18	R	615.00	R 810.00
		18/19	R	675.00	R 890.00
		19/20	R	745.00	R 980.00
Dormitories	Per person	16/17	R	50.00	R 50.00
		17/18	R	55.00	R 55.00
		18/19	R	60.00	R 60.00
		19/20	R	65.00	R 65.00
Caravan Site With Electricity	Refer to notes	16/17	R	225.00	R 250.00
		17/18	R	250.00	R 275.00
		18/19	R	275.00	R 305.00
		19/20	R	300.00	R 335.00
Tent Site Without Electricity	Refer to notes	16/17	R	190.00	R 230.00
		17/18	R	210.00	R 255.00
		18/19	R	230.00	R 280.00
		19/20	R	255.00	R 310.00
Day Visitors Vehicles	Per person/ vehicle	16/17 17/18 18/19 19/20	R25 per person R40 per Vehicle		
Conferences	Per day	16/17	R	580.00	
		17/18	R	670.00	
		18/19	R	770.00	
		19/20		R880.00	

GENERAL NOTES

2016/2017 + 2017/2018 + 2018/2019 + 2019/2020

1. IN SEASON AND OUT OF SEASON

In season: Western Cape school holidays and Easter weekend if not part of the school holidays.

Out of season: Western Cape school terms.

2. RATES

2.1. All rates include VAT.

2.2. Rate increases after the date of the booking and prior to the date of arrival will be levied and be payable.

3. CARAVAN PARK

3.1. Rate per caravan and or tent per site per night for a maximum of 6 persons.

4. CONCESSIONS

4.1. Concessions are only available out of season

4.2. All concession will be administered through Council's SEMPER hospitality booking system.

4.3. A concession of 40% is available for chalet accommodation and caravan/camping stands to senior citizens. No minimum nights are prescribed.

4.4. A concession of 30% is available to youth and other vulnerable groups affiliated to recognized community based organizations for chalet accommodation and caravan/camping stands. No minimum nights are prescribed.

4.5. A concession of 20% is available on chalet accommodation and caravan/camping stands for tour operators, recognized groups or groups provided that they occupy 10 chalets or more.

4.6. A 50% rebate is available to all schools.

4.7. All staff members and councilors qualify for a personal family rebate of 50% for chalet accommodation and caravan/camping stands.

5. CONFERENCE HALL

5.1. The rate applies to the Hall and the Conference Facilities in the Restaurant Complex and also provides for the use of the kitchen when catering is done by the group or a third party.

5.2. When functions (i.e. weddings/family festivals, etc) are held, it is a prerequisite that 10 chalets be occupied by the relevant group.

5.3. Use of the conference hall for recognized Council activities, a rate of R 175 will be charged.

6. BREAKAGE DEPOSITS

6.1. Chalets: R250 to be paid in advance.

6.2. Conference facilities and/or kitchen: R250 to be paid in advance.

7. DEPOSITS

7.1. The deposit amount is 50% of the total accommodation cost.

7.2. When a reservation is made less than two weeks before date of arrival, the full amount is payable within three working days.

7.3. When a reservation is made less than 48 hours prior to arrival the full amount is payable immediately to prevent non-arrivals. Proof of payment must be provided to ensure reservation.

7.4. If deposits are not paid as stipulated, the reservation will be cancelled.

7.5. Deposits are only refunded when a motivated letter accompanies such request. A 10% administration fee will be levied and subtracted from the refund amount.

8. REFUNDS

Accommodation fees are only refunded when a motivated request is received.

An application form for of a creditor's account must be completed before any refunds are made.

A 10% administration fee will be levied and subtracted from the refund amount

9. ARRIVAL AND DEPARTURE TIMES

The general rule is that clients must vacate the accommodation by 10:00 in the morning and arrivals are accepted from 14:00.

10. MONTHLY TARIFF

10.1. Monthly tariffs are only available out of season.

10.2. Persons wishing to occupy chalets and caravan/camping stand for periods of one month or longer will qualify for a rebate of 50% during the out of season period.

10.3. Rental is payable monthly in advance.

10.4. The usual breakage deposit will be payable.

11. DAY VISITORS

11.1. The use of residential facilities is out of bounds for day visitors.

11.2. To ensure the safety of day visitors the number of day visitors are limited as follows:

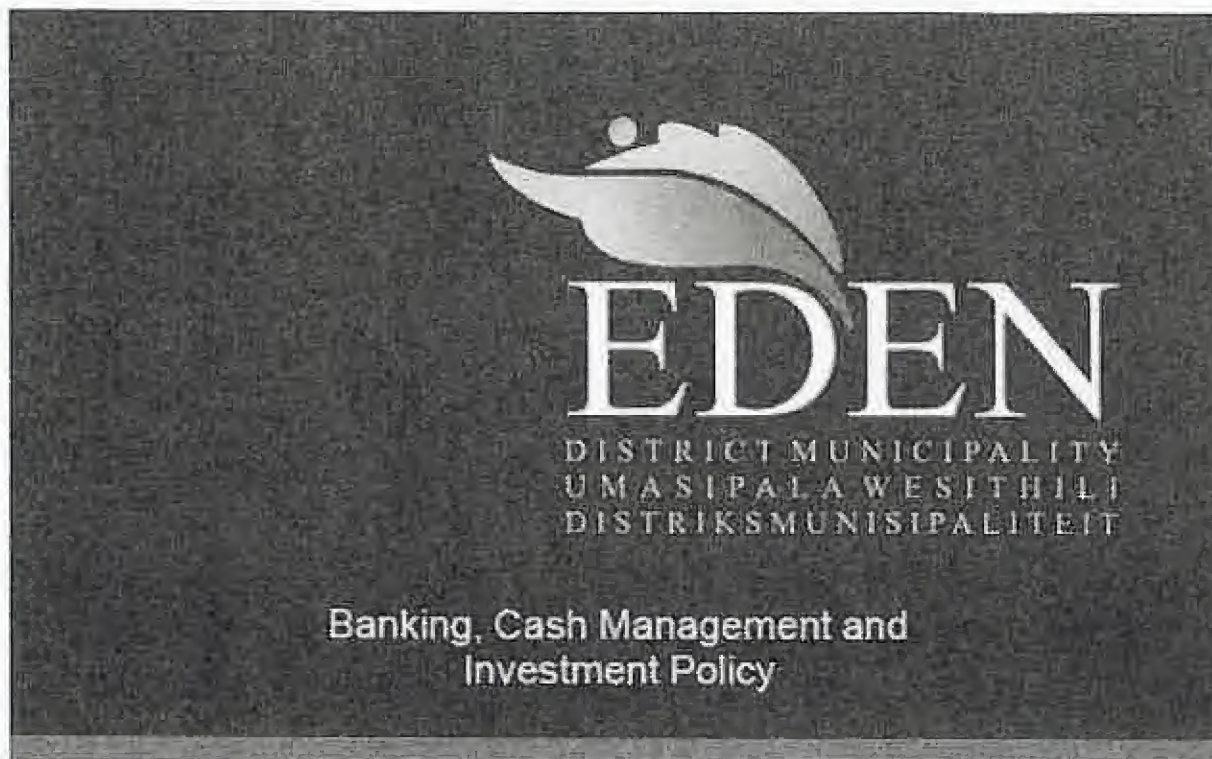
- Calitzdorp Spa: 150
- De Hoek Mountain Resort: 100

Day visitors must pre-book for 25 to 31 December as well as 1 and 2 January of each year.

Day visitors without bookings will not be allowed entrance.

ANNEXURE C

BANKING, CASH MANAGEMENT & INVESTMENT POLICY



Reviewed by Council: 27 May 2016

Resolution Number: DC 1054/05/16

CONTENTS

1.	Definitions	2
2.	Objectives and Scope of Policy	3
3.	Legal Provisions	4
4.	Principles of Sound Management	4
5.	Cash Collection	5
6.	Receipt of Payments	5
7.	Payment to creditors	6
8.	Investments denominated in Foreign Currencies Prohibited	8
9.	Payment of Commission	8
10.	Management of Inventory	9
11.	Contract Management	10
12.	Cash Flow Projections	10
13.	Investment Ethics	12
14.	Investment Principles	12
15.	Investment Institutions	13
16.	Permitted Investments	14
17.	Call Deposits and Fixed Deposits	14
18.	Restrictions on Terms of Investments	15
19.	Cession of Investments	15
20.	Supply Chain Management	15
21.	Control Over Investments	15
22.	Reports	16
23.	Banking Arrangements	16
24.	Raising Debt	17
25.	Related Policies	17
26.	Review of Policy	18
27.	Responsibility of implementation	18
28.	Commencement	18

1 Definitions

For the purpose of this policy:

"Act" - means the Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003)

"Accounting Officer" - is the person appointed by Council in terms of Section 82 of the Municipal Structures Act, 1998 as amended by Section 54 A of the Municipal Systems Act, 2000 [Act No. 32 of 2000]

"Council" - means the Eden District Municipal Council or any of the Council's committees or officials acting under powers, functions and duties delegated to them in terms of any existing act/ordinance or by-law in force within the area of jurisdiction to the Council

"Councillor" - shall mean a member of the municipal council of Eden District Municipality;

"Chief Financial Officer" - shall mean the head of the Financial Services Department as contemplated in Section 80 of the MFMA;

"Official" – shall mean all persons in the employment of Eden District Municipality

"Investments" - means:

- a) The placing or deposit of funds with a financial institution' or
- b) The acquisition of monetary assets with funds not immediately required with the primary aim of preserving those funds.

"Investment Manager" - means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Market Control Act, 1989 (Act 55 of 1989 and Stock Exchanges Control Act, 1985 9Act 1 of 1985, contracted by a municipality or municipal entity to –

- a) advise on investments
- b) manage investments on its behalf ; or
- c) advise it on investments and manage investments on its behalf

"Investee" - means an institution with which an investment is placed, or its agent;

"Municipality" - means the Eden District Municipality

2. Objective and Scope of Policy

- 2.1 The council and staff of the municipality have an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.
- 2.2 The municipality therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.
- 2.3 This policy is intended to provide a framework for ensuring the proper management and investment of its cash resources so as to ensure:
 - 2.3.1 That the net current asset requirements of the municipality are effectively managed;
 - 2.3.2 That sufficient cash resources are available to finance the capital and operating budgets of the municipality;
 - 2.3.3 That the highest possible return on investments is gained without unnecessary risk, during periods when excess funds are not immediately required;
 - 2.3.4 That in so doing, the primary aim of preserving and ensuring the safety of deposits is promoted;
 - 2.3.5 That there is effective control over the management of bank accounts
 - 2.3.6 That investments are diversified.
- 2.4 This policy shall apply to the management of all of the cash resources of the Municipality and to all investments made by it

3. Legal Provisions

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of:

3.1 The Local Government: Municipal Finance Management Act No. 56 of 2003 ("the MFMA") and

3.2 any Regulations made thereunder, including, in particular, the Municipal Investment Regulations published under GN R308 in Government Gazette 27431 of 1 April 2005 ("the Investment Regulations").

4. Principles of Sound Cash Management

In order to promote sound cash management, the Municipality shall adhere to the following principles:

- 4.1 It shall collect revenue when it is due and bank it promptly;
- 4.2 It shall make payments, including transfers to other levels of government and non-government entities, no earlier than necessary, with due regard for efficient, effective and economical programme delivery and the creditor's normal terms for account payments;
- 4.3 It shall avoid pre-payment for goods or services (i.e. payments in advance of the receipt of goods or services), unless required by the contractual arrangements with the supplier;
- 4.4 It shall accept discounts to effect early payment only when the payment has been included in the monthly cash flow estimates provided to the relevant treasury;

- 4.5 It shall and pursue apply its debt collection policy to ensure that amounts receivable by the municipality are collected and banked promptly;
- 4.6 It shall accurately forecast its cash flow requirements;
- 4.7 It shall synchronise the inflow and outflow of cash;
- 4.8 It shall recognise the time value of money by economically, efficiently and effectively managing cash;
- 4.9 It shall take any other action as may promote the efficient utilisation of cash resources, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under utilised assets; and
- 4.10 It shall avoid bank overdrafts.

5. Cash Collection

- 5.1 All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis.
- 5.2 The Municipality shall endeavour to apply its Credit Control and Debt collection Policy rigorously in order to promote the collection of moneys due to it. This includes charging interest and recovering other costs when appropriate and setting target dates when these are payable.

6. Receipt of Payments

- 6.1 The receipt of all monies collected by the council shall be acknowledged forthwith by the issue of a numbered official receipt, as provided in this section.
- 6.2 When money is received over the counter:

- 6.2.1 Every payment received by a cashier or other officer responsible for the receipt of money shall be acknowledged at once by the issue of a numbered official receipt or cash ticket; and
- 6.2.2 Every receipt form which is cancelled will be reattached in the correct place, in the receipt book. Where computer generated receipts are used, the original receipt must be filed for audit purposes.

7. Payments to Creditors

- 7.1 The chief accountant creditors financial officer shall ensure that all tenders invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality, that is, payment is to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the chief financial officer before any payment is made, but shall in any event be subject to the provisions of Section 65 of the MFMA.
- 7.2 Notwithstanding 7.1, in the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, then the following shall apply:
 - 7.2.1 if the invoice for the goods or services is received by the municipality before the fifteenth day of the month in which the goods are delivered or the service rendered, the chief financial officer may in his discretion authorise payment thereof to be effected at the end of such month;
 - 7.2.2 if the invoice for the goods or services is received by the municipality after the fifteenth day but before the last day of the month in which the goods are delivered or the services rendered, the chief financial officer may in his discretion authorise payment thereof to be effected on the fifteenth day of the following month;

- 7.2.3 if the amount to be paid is less than R10 000-00 (Ten Thousand Rand) and the invoice for the goods or service in question is received by the municipality by no later than 12 noon of the Wednesday of the week in which the goods are delivered or the services rendered, the chief financial officer may in his discretion authorise payment thereof to be effected on the Friday of that week.
- 7.3 The Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if he or she determines that there are financial incentives for the municipality to do so.
- 7.4 The Chief Financial Officer shall not ordinarily process payments for accounts received more than once in each calendar month, such processing to take place on or about the end of the month concerned, except when payment is to be effected in circumstances contemplated in 7.2.1, 7.2.2 or 7.2.3
- 7.5 Special payments to creditors (that is to say, payments made in circumstances not contemplated elsewhere in this section) shall only be made with the express approval of the chief financial officer, who shall be satisfied that there are compelling reasons for making such payments.
- 7.6 Credit statements must be reconciled monthly.
- 7.7 Payments must be made only on receipt of an official order, certified goods received note and official company invoice.
- 7.8 All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s).
- 7.9 The chief financial officer shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, and subject to 6.10, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the municipal manager decide on appropriate signatories.
- 7.10 Only the Municipal Manager or the Chief Financial Officer, or any other senior official of the Municipality acting on the written authority of the Municipal Manager, may withdraw money or authorize the withdrawal of money from any of the Municipality's bank accounts, and shall do so only for the purposes prescribed in

Section 11 of the MFMA.

- 7.11 Notwithstanding the above, wherever possible, payments shall be effected by means of electronic transfers rather than by cheques with the normally accepted control measures being applied
- 7.12 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorised in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 7.13 The maximum amount and nature of petty disbursements, shall be generally determined from time to time by the chief financial officer, subject, however, to the provisions of the Municipality's Supply Chain Management Policy.
- 7.14 No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- 7.15 The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.
- 7.16 Payments to creditors shall in any event be made in accordance with the provisions of the MFMA, and in particular, with Section 65 thereof.

8. Investments denominated in foreign currencies prohibited

7.1 A municipality or municipal entity may make an investment only if the investment is denominated in Rand and is indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

9. Payment of commission

Every financial institution with which the municipality makes an investment must issue a certificate to the accounting officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not

and will not grant any other benefit to any party for obtaining such investment, including councilors, officials or related spouses or family members.

10. Management of Inventory

- 10.1 The chief financial officer shall be responsible for the proper administration of all stores.
- 10.2 If sub-stores are established under the control of any head of department, such head of department shall be similarly responsible for the proper administration of such sub-store, and in doing so shall comply with the minimum stock level as determined by the chief accountant stores, acting in consultation with the head of department concerned.
- 10.3 No sub-store may be established without the prior written consent of the chief financial officer.
- 10.4 Each head of department shall ensure that such department's inventory levels do not exceed normal operational requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.
- 10.5 A stock register, reflecting the undermentioned detail must be kept and updated :
 - 10.5.1 Item description;
 - 10.5.2 Stores code number;
 - 10.5.3 Transaction date;
 - 10.5.4 On goods received –
 - 10.5.4.1 Goods delivery note number;
 - 10.5.4.2 Number of items received; and
 - 10.5.4.3 Value of items received.
 - 10.5.5 On goods issued-
 - 10.5.5.1 Requisition number; and

10.5.5.2 Number of items issued.

10.5.5.3 Balance of items in stock.

- 10.6** Stock counts must be affected monthly on a rotational basis and an annual report reflecting stock shortage and surpluses must be submitted to council as at 30 June of each financial year. All surpluses and shortages must be explained by the accountable head of departments.
- 10.7** Each head of department shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the chief financial officer for sale at a public auction or by other means of disposal, as provided for in the municipality's supply chain management policy.

11. Contract Management

Subject to the provisions of the Municipality's Supply Chain Management Policy:

- 11.1** all buying contracts shall be administered by the chief financial officer, and all payments relating to such contracts shall be authorised by the chief financial officer or the head of department concerned; and
- 11.2** all other contracts, including building, engineering and other civil contracts shall be administered by the head of department concerned, and all payments relating to such contracts shall be authorised by such head of department. The head of department concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects before being submitted to the chief financial officer for payment.

12. Cash Flow Projections

- 12.1** The chief financial officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a monthly basis.

- 12.2 Provision must be made in the cash flow estimates for the operating and capital requirements of the municipality.
- 12.3 The operating requirements must include provisions for:
 - 12.3.1 Monthly salary and allowances payments;
 - 12.3.2 Bulk purchases of electricity and water;
 - 12.3.3 Interest on long term loans;
 - 12.3.4 Maintenance of assets;
 - 12.3.5 General expenditure (payments to current creditors); and
 - 12.3.6 Expected daily and monthly incomes.
- 12.4 The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when (if applicable) either long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, in good time and in the format required by the Chief Financial Officer.
- 12.5 The Chief Financial Officer shall report to the executive committee or the executive mayor, as the case may be, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date as contained in the monthly section 71 report, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate.
- 12.6 For purposes of such report, the cash flow estimates shall be divided into calendar months, and in reporting the chief financial officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report.
- 12.7 Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

13 Investment Ethics

- 13.1 The Chief Financial Officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance, including, in particular, the Investment Regulations.
- 13.2 In making such investments the Chief Financial Officer shall at all times have only the best interests of the municipality in mind, and shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties.
- 13.3 No official or councillor of the Municipality may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the Municipality has made or may potentially make an investment.

14 Investment Principles

- 14.1 When money is available for investment, it shall be invested in accordance with the provisions contained in this policy.
- 14.2 After determining whether there is cash available for investment and fixing the maximum term of investment, the Chief Financial Officer must determine the best manner in which to invest it. As rates vary according to money market perceptions, quotations must be requested in writing, within term limitations, and these must be set out on a schedule.
- 14.3 In order to limit exposure, where large sums of money are available for investment, the Chief Financial Officer shall ensure that:
 - 14.3.1 they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality, so that not more than 33.3% of available funds are invested with any one institution; and
 - 14.3.2 As far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered.

- 14.4 Although the objective of the chief financial officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. It can be accepted as a general rule that the larger the return, the greater the risk.
- 14.5 Every financial institution with which the municipality makes an investment must issue a certificate to the chief financial officer in regard to such investment.
- 14.6 The Municipality may not borrow money for reinvestment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.
- 14.7 Money kept in current accounts should be kept at minimum levels, as it may be more beneficially invested in other accounts such as call deposits.
- 14.8 If the Chief Financial Officer invests with financial institutions, he or she must ensure that such institutions are registered in terms of the Banks Act 94 of 1990 and that they are approved financial institutions – as approved by the Reserve Bank, from time to time.

15. INVESTMENT INSTITUTIONS

- 15.2 It is of utmost importance that the investments only be placed with the 5 major banks in the RSA for short term (0 – 12 months) and long term (more than 12 months)
- 15.1 The optimal combination of the most favorable rated institution and the institution offering the best returns for the investment sought, should be the determining factor when choosing the institution

16 Permitted Investments

The Municipality may invest funds only in investment types permitted under Regulation 6 of the Investment Regulations.

17 Call Deposits and Fixed Deposits

- 17.1 Before making any call or fixed deposits, the chief financial officer, shall obtain quotations from at least three institutions.
- 17.2 Given the volatility of the money market, the chief financial officer, shall, whenever necessary, request quotations in writing, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).
- 17.3 Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).
- 17.4 Any monies paid over to the investing institution in terms of the agreed investment shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the Chief Financial Officer shall ensure that the Municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

18 Restriction on Term of Investments

No investment with a term exceeding twelve months shall be made without the prior approval of the executive mayor or the executive committee, as the case may be.

19 Cession of Investments

The cession of any investment of the Municipality as security shall be subject to the provisions of Section 48 of the MFMA.

20 Supply Chain Management Policy

The Municipality shall comply with its Supply Chain Management Policy to the extent that it is applicable to the implementation of any aspect of this policy.

21 Control over Investments

21.1 The Chief Financial Officer shall ensure that proper records are kept of all investments made by the Municipality.

21.2 Such records shall include an investment register in which the following information shall be recorded:

21.2.1 Name of institution

21.2.2 Capital invested

21.2.3 Date invested

21.2.4 Interest rate

21.2.5 Maturation date

21.2.6 Interest received

21.2.7 Capital repaid; and

21.2.8 Balance invested.

- 21.3** The investment register and accounting records must be reconciled on a monthly basis.
- 21.4** The investment register must be examined on a fortnightly basis to identify investments falling due within the next two weeks.
- 21.5** The Chief Financial Officer must ensure that interest, correctly calculated, is received on due date.
- 22.6** Investment documents and certificates must be safeguarded in a fire resistant safe, with dual custody. The following documents must be safeguarded:
 - 21.6.1** Fixed deposit letter or investment certificate
 - 21.6.2** Receipt for capital invested,
 - 21.6.3** Copy of electronic transfer or cheque requisition
 - 21.6.4** Excel schedule of comparative investment figures,
 - 21.6.5** Interest rate quoted.

22 Reports

The Municipal Manager shall ensure that reports are submitted to the Mayor as required under Regulation 9 of the Investment Regulations.

23 Banking Arrangements

- 23.1** The Municipal Manager is responsible for the management of the Municipality's bank accounts, but may delegate this function to the Chief Financial Officer.
- 23.2** The Municipal Manager and Chief Financial Officer are authorised at all times to sign

cheques or electronic transfers and any other documentation associated with the management of such accounts.

23.3 The Municipal Manager is authorised to appoint, in consultation with the chief financial officer, two or more additional signatories in respect of such accounts, and to amend such appointments from time to time.

23.4 All bank accounts and investments must be in the name of the municipality.

23.5 The selection of the Municipality's Bankers shall be carried out in accordance with the Municipality's Supply Chain Management Policy.

24 Raising of Debt

24.1 The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager. All debt shall be raised in strict compliance with the requirements of the MFMA and only with the prior approval of the council.

24.2 The raising of debt shall be governed by the municipality's borrowing policy.

25 Related Policies

25.1 This policy must be read in conjunction with the following budget-related policies of the Municipality:

25.1.1 The Credit Control and Debt Collection Policy;

25.2.2 The Supply Chain Management Policy;

25.2.3 The Budgeting Process Policy;

25.2.4 The Borrowing Policy;

26 Review of Policy

This policy is to be reviewed annually.

27 Responsibility for Implementation

The Municipal Manager shall be responsible for the implementation of this policy, provided that the Municipal Manager shall delegate such powers to the Chief Financial Officer as may be required to enable the Chief Financial Officer to perform such duties as are imposed on him or her in terms of this policy, and may delegate such other powers as he or she may deem fit to the Deputy Chief Financial Officer or any Deputy Manager in the Finance Department.

28 Commencement

This policy shall come into force on the first day following the approval of this policy

Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

ANNEXURE D
CREDIT CONTROL AND DEBT
COLLECTION POLICY



COUNCIL APPROVED: 27 May 2016
COUNCIL RESOLUTION NR: DC 1864/05/16

CONTENTS

1. DEFINITIONS.....	4
2. CUSTOMER CARE AND MANAGEMENT	7
2.1 MUNICIPAL ACCOUNTS	7
2.2 ENQUIRIES, APPEALS, AND SERVICE COMPLAINTS.....	7
2.3 PAYMENT FACILITIES.....	7
2.4 ALLOCATION OF REVENUE.....	8
3. CREDIT CONTROL AND DEBT COLLECTION MEASURES.....	9
3.1 LIABILITY FOR PAYMENT OF MONEY DUE AND PAYABLE TO THE MUNICIPALITY	9
3.2 DATE OF PAYMENT OF MONEY DUE.....	9
3.3 ACTIONS TO BE TAKEN WHERE DEBTORS FALL IN ARREARS OR FAIL TO PAY MONEYS DUE ON OR BEFORE THE DATE OF PAYMENT	10
3.4 FEES DUE OTHER THAN THOSE IN RESPECT MUNICIPAL SERVICES AND RENTAL AGREEMENTS	11
3.5 LEVYING OF INTEREST	11
3.6 COLLECTION OF DEPOSIT	11
3.7 INSTITUTION OF LEGAL PROCEEDINGS.....	12
3.8 WRITING OFF OF BAD DEBT	13
4. GENERAL PROVISIONS	18
4.1 COLLECTION COSTS	18
4.2 DISHONoured PAYMENTS.....	18
4.3 ACCESS TO PREMISES	16
4.4 SIGNING OF NOTICES AND DOCUMENTS.....	17
4.5 CERTIFICATION OF DOCUMENTS.....	17
4.6 PRIMA FACIE EVIDENCE	17
4.7 DATA MAINTENANCE	17
4.8 SHORT TITLE.....	17

PREAMBLE

In terms of section 96 of the Local Government: Municipal Systems Act, 2000, a Municipality shall-

- collect all money due and payable to it, subject to the provisions of the Act and any other applicable legislation; and
- for this purpose, implement and maintain a credit control, debt collection policy which is not in conflict with its rates and tariffs policies and which complies with the provisions of the Act.

In order to give effect to the foregoing provisions of the Act, the council of the Eden District Municipality will have to adopt a policy relating to credit control, debt collection and as set out hereinafter.

1. DEFINITIONS

For purposes of this policy, and unless inconsistent with the context, any word or phrase to which a specific meaning was ascribed by the Act, will have that meaning and

“account” includes-

- (1) rental agreements;
- (2) fire services
- (3) air quality services
- (4) environmental health levies;
- (5) any other levies and money owing to the Municipality;

and “municipal account” has a corresponding meaning;

“Act” means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time;

“arrears” means any amount due and payable excluding interest to the Municipality which has not been paid on or before the date of payment;

“council” means the municipal council of the Eden District Municipality ;

“date of payment” means the date on which the Municipality’s accounts are due.

“Manager: Financial Services” means a person appointed by the council in that capacity to administer the council’s finances and includes any person –

- (1) who is in an acting capacity in that position;
- (2) to whom the Manager: Financial Services delegated a power, function or duty in respect of such delegated power, function or duty;

“Municipal Manager” means the person appointed in that capacity by the council in accordance with Section 82 of the Local Government Municipal Structures Act No 117 of 1988 as amended by Section 54A of the Local Government Municipal Systems Act No 32 of 2000 and includes any person –

- (a) acting in that position;
- (b) to whom the Municipality delegated a power, function or duty in respect of such delegated power, function or duty;

“municipal services” means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether

(a) such a service is provided, or to be provided by the municipality through an internal mechanism contemplated in section 76 or by engaging an external mechanism contemplated in section 76; and

(b) fees, charges or tariffs are levied in respect of such service or not.

"Municipality" means the Eden District Municipality ;

"owner" in respect of immovable property means-

- (1) the person in whom ownership vests;
- (2) in the event of the person in whom the ownership vests being insolvent or deceased, or subject to any legal disqualification, the person under whose control and administration such immovable property vest in his/her capacity as curator, trustee, executor, administrator, judicial manager, liquidator or any other lawful representative;
- (3) in any event where the council is unable to determine the identity of such a person, the person who is entitled to the beneficial use of such immovable property;
- (4) in the event of immovable property in respect of which a lease agreement of 30 years or longer had been concluded, the lessee thereof;
- (5) in respect of –
 - (1) a portion of land demarcated on a sectional title plan and registered in accordance with the Sectional Titles Act, 1986 (Act No. 59 of 1986), the developer or the governing body in respect of the joint property;
 - (2) a portion of land as defined in this Act, the person in whose name that portion is registered in accordance with a title deed registered in a Deeds Registrars Office according to the Deeds Registries Act, 1937 (Act No 47 of 1937), including the lawfully appointed representative of such person;
- (6) any persona, including but not limited to:
 - (1) a company registered in accordance with the Companies' Act, 1973 (Act No 61 of 1973) as amended, a trust *inter vivos*, a trust *mortis causa*, a close corporation registered in accordance with the Close Corporations Act, 1984 (Act No 69 of 1984) as amended, and a voluntary association;
 - (2) any government department;

- (3) any council or governing body established in accordance with any legislation in force in the Republic of South Africa; and
- (4) any embassy or other foreign entity;

“premises” means any portion of land, situated within the area of jurisdiction of the municipality, and of which the outer boundaries are demarcated on:

- (1) a general plan or diagram registered in accordance with the Land Survey Act, 1927 (Act No 9 of 1927) or the Deeds Registries Act, 1937 (Act No 47 of 1937); or
- (5) a sectional title plan registered in accordance with the Sectional Titles Act, 1986 (Act No 95 of 1986);

“standard rate of interest” means a rate of interest one percent higher than the prime rate in the RSA

“interest on overdue accounts” is based on a full month and part of a month shall be deemed to be a full month whilst interest on overdue account will be calculated on total overdue account

2. CUSTOMER CARE AND MANAGEMENT

2.1 MUNICIPAL ACCOUNTS

In so far as it is possible, the Municipality shall ensure that a person liable for payment of municipal services shall receive monthly statements on which the following shall be reflected:

- all outstanding amounts and the balance brought forward; amounts owing;
 - total amount due;

2.2 ENQUIRIES, APPEALS AND SERVICE COMPLAINTS

2.2.1 Should a person be convinced that his or her account for municipal services, is inaccurate, he or she may direct a request to the Municipality to have that account reviewed.

2.2.2 In the meantime, the person must pay an amount, as determined by the Manager: Financial Services, before the date of payment and until the matter has been resolved.

2.2.3 The Municipal department concerned shall, within one month of receipt of such a request, investigate the matter and inform the person concerned of the outcome of such an investigation.

2.2.4 Failure to pay the amount determined in accordance with paragraph 2.3.2 on or before the date of payment in respect of municipal services, will result in credit control action be taken as spelled out in this policy

2.2.5 A person may appeal against the findings of the Municipality referred to in paragraph 2.3.3.

2.2.6 An appeal in accordance with paragraph 2.3.3 must be made and delivered to the Municipal Manager within 21 days of the appellant becoming aware of the finding referred to in paragraph 2.3.3 and shall-

- (1) set out the grounds of the appeal

2.2.7 The Municipal Manager must commence with an appeal within six (6) weeks and decide the appeal within a reasonable period.

2.3 PAYMENT FACILITIES

2.3.1 The Municipality shall provide and maintain strategically situated accessible payment offices and cash points throughout its area of jurisdiction

2.3.2 The following alternative payment facilities shall also be provided or be available:

- electronic bank transfers (A.C.B. system);
- internet transfers;
- direct depositing of money into the Municipality's approved bank account;

2.3.3 Where any of the alternative payment facilities is used, the onus is on the person using such facilities to provide proof of payment, and the Municipality does not accept liability for the non-receipt of such payments, or for incorrect allocations, where such incorrect allocations are due to a mistake on the part of such person.

2.3.4 Where payment of the money due is made by way of a direct deposit into the Municipality's approved bank account, the onus rests on the debtor to notify the Municipality of such deposit in writing or facsimile to reach the Municipality not later than the date of payment of such monies.

2.3.5 Municipal accounts are due and payable on the 15th of the month.

2.4 ALLOCATION OF REVENUE

In accordance with section 102 of the Act, a Municipality may-

- consolidate any separate accounts of persons liable for payments to the Municipality; and
- credit a payment by such a person against any account of that person.

3. CREDIT CONTROL AND DEBT COLLECTION MEASURES

3.1 LIABILITY FOR PAYMENT OF MONEY DUE AND PAYABLE TO THE MUNICIPALITY

- 3.1.1 The person responsible for the payment of money due and payable to the Municipality will be the following in the instances mentioned hereafter:
- 3.1.2 any other services – the person to whom such services were delivered.
- 3.1.3 Where an account is not paid in full, any lesser amount offered and accepted by the Municipality shall not be deemed to be in full and final settlement of such account, unless the Municipal Manager in writing accepts such lesser amount as being in full and final settlement of the account in question.
- 3.1.4 The onus rests on the debtor to obtain a statement of his or her accounts so that they may be paid on or before the date of payment.

3.2 DATE OF PAYMENT OF MONEY DUE

3.2.1 Municipal Services, Rental Agreements, Sundry debtors

- (1) Moneys payable in respect of municipal services are due and payable on the date indicated as such on the account delivered each month in respect of those services and such payment must be made on or before the 15th day of the month after the month in which the account is rendered or such future date as the Council may determine from time to time.
- (2) Payment of amounts due to the Municipality, and fees due in respect of municipal services, must be made on the date indicated on the account rendered to such debtor in respect of such amount owed, which date will be no more than 30 days after the rendering of the particular service.
- (3) Where the last date of payment of any amount owing to the Municipality falls on a day on which the offices of the Municipality are closed, the final date for payment will be deemed to be the first subsequent day on which the offices are open.

3.3.2 ARREARS RENTAL AGREEMENTS

- 3.3.2.1 Where agreements provide for interest payable on rentals in arrears, interest will be levied in accordance with the provisions contained in such lease or loan agreements.
- 3.3.2.2 Where installments due to the Municipality are not paid on or before the date of payment, a letter of demand is sent to the person involved in which he or she is requested to pay such arrears, together with interest, if any, within 21 days of the date of such notice.
- 3.3.2.3 An agreement to pay the arrears by way of monthly installments may at any time be entered into with the person so in arrears, subject, however, to the terms and conditions contained in paragraph 3.3.2.2, which terms shall apply *mutatis mutandis*.
- 3.3.2.4 Where no agreement has been concluded to pay arrears by way of monthly installments, and such amounts still remain in arrears after more than 30 days calculated from the date of payment, the Manager: Financial Services shall take the steps as set out in paragraph 3.3.2.3.

3.4 FEES DUE OTHER THAN THOSE IN RESPECT MUNICIPAL SERVICES AND RENTAL AGREEMENTS

The provisions of paragraphs 3.3.2.2 in respect of agreements in arrears are applicable *mutatis mutandis*.

3.5 LEVYING OF INTEREST

- 3.5.1 Interest at the standard rate shall be levied and collected in respect of all amounts in arrears due and payable to the Municipality, including fire accounts and Medical accounts
- 3.5.2 Interest is levied from the day following the date of payment in respect of such amounts in arrears as have not been paid by such date of payment.

3.6 COLLECTION OF DEPOSIT

- 3.6.1 When an entity applies for municipal services and before such services are provided, a deposit may be collected from that entity to serve as security or partial security for the payment for municipal services provided to that entity.
- 3.6.2 A deposit as envisaged in paragraph (3.6.1) is utilised to extinguish or reduce debts owed by a entity to the Municipality for municipal services rendered.
- 3.6.3 The amount of the deposit is determined as per specific agreement for municipal services.

3.6.4 When an entity, having paid a deposit to the Municipality, requests in writing that the municipal services provided to him or her be terminated and that the deposit thus kept by the Municipality be refunded to the entity, such deposit or any portion thereof which has not been utilised in accordance with paragraph 3.6.2, shall be refunded to such entity.

3.6.5 The Municipality is not liable for the payment of interest on deposits held by the Municipality.

3.7 INSTITUTION OF LEGAL PROCEEDINGS

3.7.1 The institution of legal proceedings includes, but is not limited to-

- (1) the suing of a debtor for payment of amounts in arrears;
- (2) the attachment of rent payable in respect of a property;
- (3) the attachment of a debtor's remuneration;
- (4) the attachment and sale in execution of movable things;
- (5) the attachment and sale in execution of immovable property;
- (6) the evacuation of a tenant from a rented property in the event of rental due to the Municipality in respect of such leased property.

3.7.2 The institution of legal proceedings is undertaken with due consideration of all legal requirements and in compliance with the applicable regulations and procedural rules.

3.7.3 Discretionary powers vest in the Manager: Financial Services to decide whether –

- (1) an account should be handed over to a debt collector or an attorney for collection and if
- (2) legal proceedings should be instituted against a debtor

in those instances where the total indebtedness of the debtor is R500,00 or less.

In the exercise of his powers the Manager: Financial Services determines as a sole consideration whether it will be cost-effective to hand over the account for collection and/or to institute legal proceedings against the debtor or not.

3.7.4 The Manager: Financial Services shall be empowered to determine which of the judicial measures listed in paragraph 3.8.1 will be the most appropriate and effective in respect of each and every debtor against whom legal proceedings are to be instituted in accordance with this policy of the Council.

3.8 WRITING OFF OF BAD DEBT

STEPS TO BE TAKEN BEFORE WRITING OFF DEBT

Before consideration is given for the write-off of any debt the following steps should be taken:

(1) CREDIT CONTROL AND DEBT COLLECTION POLICY ACTIONS

All the applicable actions as contained in the Credit Control and Debt Collection Policy of the Municipality should have been executed and implemented.

(2) ESTATE NOTICES MONITORING

Estate notices in the Government Gazette must be checked regularly by the legal section to enable the municipality to institute claims against insolvent and deceased estates of persons owing money to the Municipality.

(3) TRACING OF DEBTORS

In the event that the debtor's address is not known, all reasonable steps must be taken to trace the debtor. A reasonable effort to trace the debtor will include, but is not limited to, the following:

- (a) Utilising all the information available (such as vehicle registration number, school attended by children, etc.) to locate the debtor;
- (b) Utilising the telephone directory for the last town or city in which the debtor lived to locate the debtor and/or his/her relatives; and
- (c) Contacting the following institutions or persons in order to locate the debtor:
 - The Vehicle Registration Authorities;
 - The Department of Home Affairs; and
 - Officials and/or colleagues at the debtor's last place of employment.

The Manager Financial Services shall consider all other economically viable avenues for debt recovery, including the use of tracing agents, factoring of debts, recourse against sureties, guarantors or lessees, etc.

3.8.1 PREVENTION OF PRESCRIPTION OF DEBT

(a) Prevention:

Proceedings out of the appropriate court having jurisdiction for the recovery of a debt must be commenced as soon as is appropriate in order to prevent prescription of the debt. A summons process for payment of the debt must be successfully concluded as soon as possible to prevent prescription of the debt in terms of the Prescription Act.

(b) Prescription Act, 1969 (Act No. 68 of 1969):

Section 10 (1) of the Prescription Act provides that a debt shall be extinguished by prescription after the lapse of the period which in terms of the relevant law applies in respect of the prescription of such debt. The Municipality cannot legally enforce payment of a debt once the debt has prescribed, but the period of prescription is interrupted:-

- (i) By the service on the debtor of any process whereby the creditor claims payment of the debt. "Process" means a Summons or Notice of Motion, which must actually be served on the debtor and not simply issued by the court, and does NOT include a registered letter of demand
- (ii) the debtor acknowledges liability, whether expressly or tacitly payment of a portion of the debt can constitute a tacit acknowledgement of liability.

The completion of prescription may also be delayed in certain circumstances.

- (c) In terms of Section 11 of the Prescription Act, 1969 (Act 68 of 1969), the periods of prescription of debts are as follows:

- (i) Thirty years in respect of -
 - any debt secured by a mortgage bond;
 - any judgment debt;
 - any debt in respect of any taxation imposed or levied by or under any law; and
 - any debt owed to the State in respect of any share of the profits, royalties or any similar consideration payable in respect of the right to mine minerals or other substances.
- (ii) Fifteen years in respect of any debt owed to the State and arising out of an advance or loan of money or a sale or lease of land by the State to the debtor, unless a longer period applies in respect of the debt in question in terms of paragraph (i) above.
- (iii) Six years in respect of a debt arising from a bill of exchange or other negotiable instrument or from a notaries contract, unless a longer period applies in respect of the debt in question in terms of paragraph (i) or (ii) above.
- (iv) Three years in respect of all other debts, save where an Act of Parliament provides otherwise.

3.8.2 GENERAL

Should all the above efforts prove to be unsuccessful and the debtor cannot be traced or it would be uneconomical to take the matter any further, only then must a submission be made requesting the write-off of the debt. This submission must detail all steps taken and the Municipality must maintain audit trails in such instances, and document the reasons for the abandonment of the actions or claims in respect of the debt.

3.8.3 WRITE OFF DEBTS OWING TO THE MUNICIPALITY

(1) GENERAL CONDITIONS

The Municipality will consider debts for write-off in the following general circumstances:

- (a) When debts have prescribed, as contemplated in paragraph 3.8.1 above;
- (b) When debts have not been recovered from the deceased, where their estates have been finalized, and recovery of the debts from the heirs is not possible;
- (c) When debts are owed by debtors who cannot be traced, notwithstanding compliance with the provisions in paragraph 3.3 above;
- (d) When no source documentation is available to substantiate or prove the claims, provided that the Manager Financial Services must have satisfied him/herself that all reasonable steps have been taken to locate the source documents;
- (e) When the debtor has emigrated without paying the debts, leaving no assets available for attachment and the debtors' whereabouts are unknown;
- (f) When it is not economical to pursue the debt further.

Note: Unless affordable arrangements can be made with tracing agents or attorneys, the costs associated with the tracing of a debtor and subsequent legal costs occasioned thereby, could exceed the amount claimed. It would therefore not be in the Municipality's interest to attempt recovery of debts where the prospects of recovery are remote, and where the possibility exists that the costs associated with recovery may exceed the debt.

(2) SPECIFIC CONDITIONS

The Municipality will consider debts for write-off in the following specific circumstances:

2.1 Sundry Debt:

Debt owed to Council arising from auxiliary services rendered by Council will be regarded as irrecoverable in the following instances:

- If the debt has prescribed;
- In circumstances contemplated in 3.8.3 (i) (a) to (f) above

3.8.4 FINAL ACTION

Whenever all the legal avenues, procedures and steps listed above have been exhausted, the arrear amounts should be classified as irrecoverable and should be written off by the person to whom the authority to do so has been delegated under the Municipality's system of delegations

Immediately after 30 June each year, or more regularly if requested by Council, the

Manager Financial Services must present to the Council a report listing the following:

- (a) For noting – details of the debts that was written off during the year ending 30 June under delegated authority, together with the reasons for the write offs; and
- (b) For consideration – details of any debt, not included under (a) above, which is believed to be irrecoverable, together with the reasons for this conclusion. The council shall then approve the write-off of such arrears, if it is satisfied with the reasons provided.

3.8.5 BAD DEBTS RECOVERED

The approval of Council for the write-off of any debt does not mean that actions to recover the money will be terminated; however, further actions will be instituted depending on the costs involved and if debt is recovered it will be recorded in the financial records of Council as recovered.

4. GENERAL PROVISIONS

4.1 COLLECTION COSTS

All legal costs and any other expenses incurred by the Municipality in order to recover monies owing by a debtor to the Municipality, shall be debited against that debtor's account and/or collected by an attorney.

Collection commission and other expenses incurred by the municipality in order to recover monies owing by a debtor to the municipality, is not recoverable from the debtor.

4.2 DISHONOURD PAYMENTS

Should any payment made to the Municipality by means of a negotiable instrument be dishonoured by a bank at a later stage, the Manager: Financial Services may –

- (1) impose costs and administration fees on the account of that debtor at a rate to be determined by the council from time to time; and
- (2) after payment tendered by a debtor is dishonoured for a third time by a bank, notify that person in writing that all future payments may only be made in cash.

4.3 ACCESS TO PREMISES

An occupier of premises in the area of jurisdiction of the Municipality must give an authorised representative of the Municipality or of a service provider access at all reasonable hours to the premises.

4.4 SIGNING OF NOTICES AND DOCUMENTS

A notice or document issued by the Municipality pursuant to a by-law promulgated by the Municipality and signed by a staff member of the Municipality is deemed to have been properly issued and shall be accepted by the court as evidence of that fact upon the mere submission thereof.

4.5 CERTIFICATION OF DOCUMENTS

Any order, notice or other document which needs to be certified by the Municipality, is deemed to have been sufficiently certified if it is signed by the Municipal Manager or a duly authorised official of the Municipality to whom such powers were delegated by means of a decision of the Municipality's council or pursuant to a by-law.

4.6 PRIMA FACIE EVIDENCE

In lawsuits initiated by the Municipality, the mere submission of a certificate reflecting the amount due and payable to the Municipality and signed by the Municipal Manager or a suitably qualified official authorised thereto by the Municipal Manager, shall be accepted by the court as *prima facie* evidence that the amount is due.

4.7 DATA MAINTENANCE

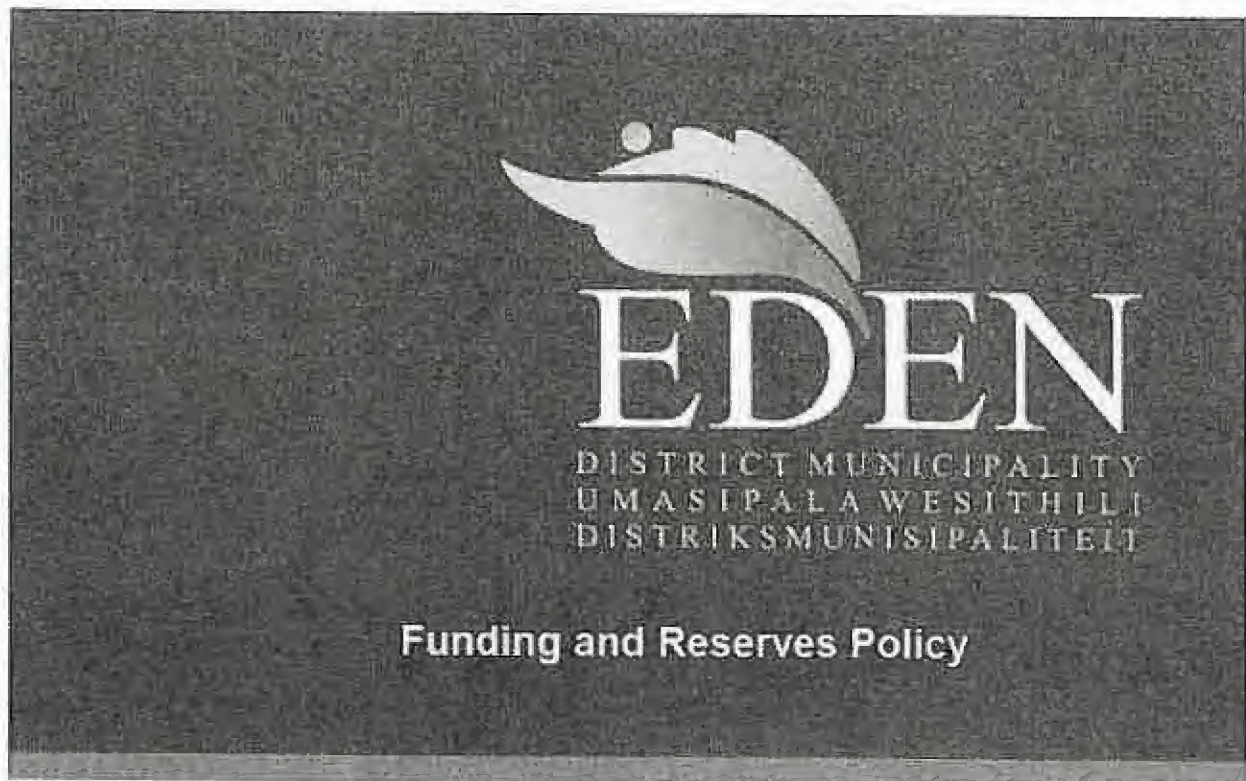
Should the client contact the municipality at any time, his/her details as reflected on the financial system should be verified and checked and adjusted accordingly.

4.8 SHORT TITLE

This policy is called the Credit Control, Debt Collection Policy of the Eden District Municipality.

ANNEXURE E

EDEN DISTRICT MUNICIPALITY FUNDING AND RESERVE POLICY



Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

INDEX

1. INTRODUCTION AND OBJECTIVE	3
2. SECTION A: FUNDING POLICY	4
2.1 LEGISLATIVE REQUIREMENTS	4
2.2 STATEMENT OF INTENT	4
2.3 CASH MANAGEMENT	4
2.4 DEBT MANAGEMENT	4
2.5 FUNDING THE OPERATING BUDGET	4
2.6 FUNDING THE CAPITAL BUDGET	5
2.7 FUNDING COMPLIANCE MEASUREMENT	6
3. SECTION B: RESERVES POLICY	7
3.1 INTRODUCTION	8
3.2 LEGAL REQUIREMENTS	8
3.3 TYPES OF RESERVES	8
4. REVIEW OF THE POLICY	8

FUNDING AND RESERVE POLICY

1. INTRODUCTION AND OBJECTIVE

The funding and reserves policy is aimed to ensure that the municipality has sufficient and cost-effective funding in order to achieve its objectives through the implementation of its operating and capital budgets.

The objectives of the policy are to:

- 1.1 Ensure that the Medium Term Expenditure Framework (annual budget) of the municipality is appropriately funded.
- 1.2 Ensure that cash resources and reserves are maintained at the required levels to avoid future year unfunded liabilities.
- 1.3 To achieve financial sustainability.

2. SECTION A: FUNDING POLICY

LEGISLATIVE REQUIREMENTS

This policy is mandated by Section 8 of the Local Government: Municipal Budget and Reporting Regulations which is made in terms of section 168 of the Municipal Finance Management Act, 2003, (Act No. 56 of 2003) (MFMA). In terms of Sections 18 and 19 of the MFMA, an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes. and
- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are therefore clear in that the budget must be cash – backed i.e. cash receipts inclusive of prior cash surpluses must equal or be more than cash paid.

In determining whether the budget is actually cash-backed and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

2.2 STATEMENT OF INTENT

The municipality will not pass a budget which is not cash – backed or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance, provided that the requirements of the MFMA must at all times be adhered to.

2.3 CASH MANAGEMENT

Cash must be managed in terms of the municipality's Cash Management and Investment Policy.

2.4 DEBT MANAGEMENT

Debt must be managed in terms of the municipality's Debt Management Policy, together with any requirements in this policy.

2.5 FUNDING THE OPERATING BUDGET

2.5.1 INTRODUCTION

The municipality's objective is that the user of municipal resources must pay for such usage in the period it occurs.

The municipality however, recognises the plight of the poor, and in line with national and provincial objectives, the municipality commits itself to subsidised services to the poor. This will necessitate cross subsidisation in tariffs to be calculated in the budget process.

2.5.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET

The following specific principles apply when compiling the budget:

- a) The budget must be cash – backed, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;
- b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information;
- c) Tariff adjustments must be fair;
- d) Revenue from Government Grants and Subsidies must be in accordance with the amounts promulgated in the Division of Revenue Act, proven provincial transfers and any possible transfers to or from other municipalities.

For the purpose of the Cash flow budget any National or Provincial grants that have been re-appropriated for roll-over purposes must be excluded from the calculation as it must be included in changes in Cash and Cash Equivalents and Payables.

Furthermore, in the budget the total grants recognised as revenue

must equal the total expected expenditure from grants, inclusive of capital expenditure and VAT as per directive given in MFMA circular 48.

- e) Projected revenue from services charges must be reflected as net (all billing less revenue foregone, which is free basic services, discounts and rebates).
- f) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortised discount must be included in the Operating Budget but excluded in the cash flow budget.
- g) Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality, and it is therefore determined that provision for the short term portion of employee benefits, as well as an operating surplus calculated at 5% of the prior year balance of the long-term benefits, be included in the operating budget, in order to build sufficient cash for these requirements. The cash portion of the employee benefits must be accounted for in an "Employee Benefits Reserve".
- h) Depreciation must be fully budgeted for in the operating budget.
In order to ensure a sufficient accumulation of cash for the replacement of Property, Plant and Equipment and Intangible Assets, the amount of depreciation on assets funded from own sources, excluding assets funded from grants, public contributions and external loans must be reflected as a surplus on the cash flow budget.
- i) Contributions to provisions (non-current and current) do not form part of the cash flow. It is however, necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

2.6 FUNDING THE CAPITAL BUDGET

2.6.1 INTRODUCTION

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non – existent.

In order to achieve this objective, the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

2.6.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE

The capital budget can be funded by way of own contributions, grants, public contributions as well as external loans.

Own Contributions

The capital budget financed from own contributions must primarily be

funded from the Capital Replacement Reserve.

Notwithstanding the above the capital budget or portions thereof may also be funded from surplus cash. The allocations of the funding sources from own contributions are determined during the budget process.

Grants (Including Public Contributions)

Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should also be taken that unusual grant funding does not place an unreasonable burden on future operating and maintenance costs which may be higher than the ability to maintain the service(s).

It is therefore determined that the accounting officer must evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

It is furthermore determined that the depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer must put such accounting measures in place to comply with this requirement, to a reasonable extent.

External Loans

The municipality may only raise loans in accordance with its Debt Management Policy.

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans are utilised for operating purposes.

For budgeting purposes any difference between proposed capital spending from loans and proposed loans raised must be included in the cash surplus for the year.

2.7 FUNDING COMPLIANCE MEASUREMENT

2.7.1 INTRODUCTION

The municipality wants to ensure that the budget or adjustments budget complies with the requirements of the MFMA and this policy. For this purpose, a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators include all the indicators as recommended by National Treasury as well as reconciliations according to this policy. Any additional indicators recommended by National Treasury in future must also be taken into account, as well as any additional reconciliation items as either determined by the Council or the Accounting Officer.

If any of the indicators are negative during the compilation or approval

6

process of the budget, the budget may not be approved until all the indicators provide a positive return, unless any negative indicators can be reasonably explained and future budget projections address the turn-around of these indicators to within acceptable levels.

2.7.2 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS

The overall cash position of the municipality must be sufficient to include:

- unspent conditional grants;
- unspent conditional public contributions;
- unspent borrowings;
- vat due to SARS;
- secured investments;
- the cash portion of statutory funds such as the Housing Development Fund;
- other working capital requirements; and
- In addition, it must be sufficient to back reserves as approved by the municipality and the portions of provisions as indicated elsewhere in this policy.

2.7.3 SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS

Should the budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised.

3. SECTION B: RESERVES POLICY

3.1 INTRODUCTION

The municipality recognises the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy aims to provide for such measure of protection by creating certain reserves.

3.2 LEGAL REQUIREMENTS

There are no specific legal requirements for the creation of reserves, except for the Housing Development Fund. The GRAP Standards itself also do not provide for reserves.

However, the GRAP "Framework for the Preparation and Presentation of Financial Statements" states in paragraph 91 that such reserves may be created, but "Fund Accounting" is not allowed and any such reserves must be a "legal" reserve, i.e. created by law or Council Resolution.

3.3 TYPES OF RESERVES

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

(a) Capital Replacement Reserve (CRR)

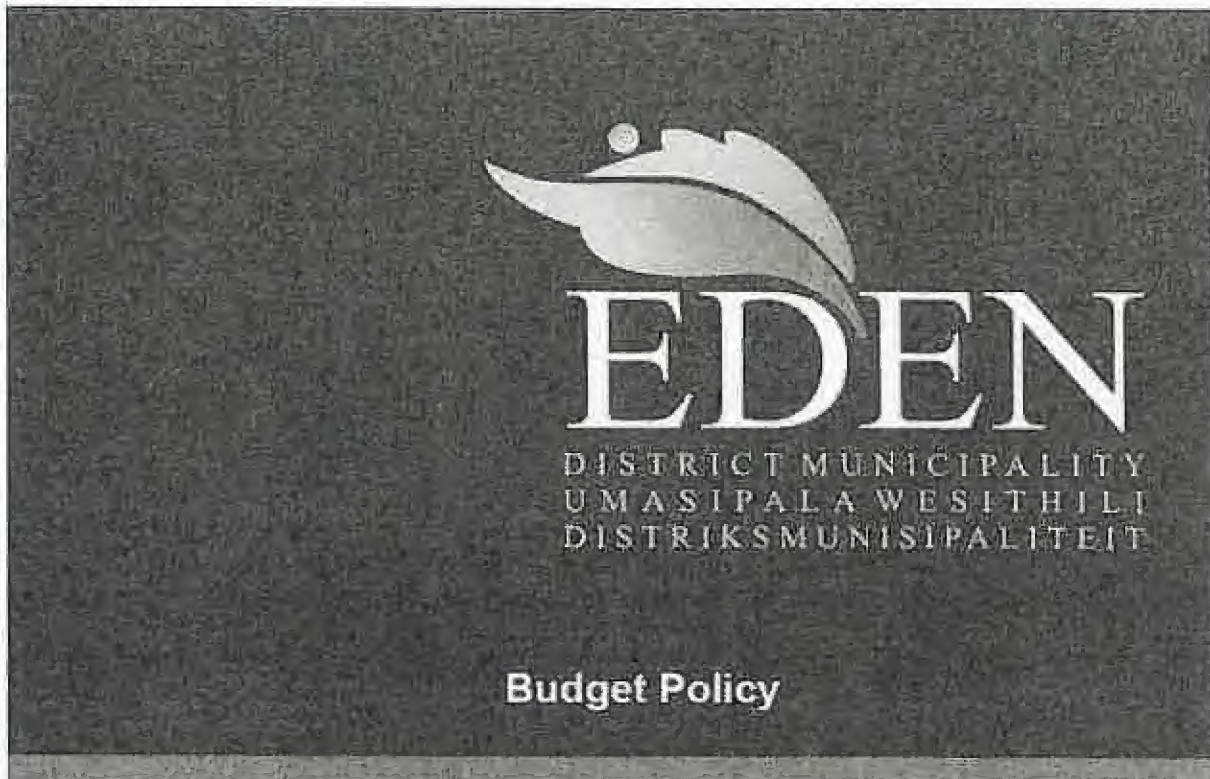
The CRR is to be utilised for future capital expenditure from own funds and may not be used for maintenance or other operating expenditure.

4. REVIEW

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and regulation.

ANNEXURE F

EDEN DISTRICT MUNICIPALITY BUDGET POLICY



Date of implementation 1 July 2016

Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

TABLE OF CONTENTS

1. DEFINITIONS	2
2. INTRODUCTION	7
3. OBJECTIVE OF THE POLICY	7
4. BUDGETING PRINCIPLES	7
5. BUDGET PREPARATION PROCESS	7
5.1. Budget Steering Committee	7
5.2. Quality Certification	8
5.3. Formulation of the Budget	8
5.4. Public Participation Process	9
5.5. Approval of the Budget	9
5.6. Publication of the Budget	10
5.7. Service Delivery and Budget Implementation Plan (SDBIP)	10
6. CAPITAL BUDGET	10
7. OPERATING BUDGET	12
8. FUNDING OF CAPITAL AND OPERATING BUDGET	12
9. UNSPENT FUNDS / ROLL OVERS	13
10. ADJUSTMENT BUDGET	13
11. BUDGET TRANSFERS / VIREMENTS	
11.1 Virement Procedure	14
11.2 Virement Restrictions	14
12. BUDGET IMPLEMENTATION	15
12.1. Monitoring	15
12.2. Reporting	15
13. CONCLUSION	16

1. DEFINITIONS**"Accounting Officer"**

(a) means the Municipal Manager;

"Allocation", means

- (a) a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;
- (b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
- (c) an allocation of money to a municipality in terms of a provincial budget; or
- (d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget," means an annual budget

- (a) approved by a municipal council in terms of section 24 of the MFMA, or
- (b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

"Basic Municipal Service" means a municipal service that is necessary to ensure an acceptable and Reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

"Budget-related Policy" means a policy of a municipality affecting or affected by the annual budget of the municipality, including

- (a) the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
- (b) the rates policy which the municipality must adopt in terms of section 3 of the municipal property rates Act;
- (c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;
- (d) the cash management and investment policy which the municipality must adopt in terms of section 13(2) of the Act;
- (e) a borrowing policy which must comply with Chapter 6 of the Act;
- (f) a funding and reserves policy;
- (g) a policy related to the long-term financial plan;
- (h) the supply chain management policy which the municipality is required to adopt in terms of section 111 of the Act;
- (i) any policies dealing with the management and disposal of assets;
- (j) any policies dealing with infrastructure investment and capital projects, including –
 - (i) the policy governing the planning and approval of capital projects; and
 - (ii) the policy on developer contributions for property developments;

- (k) the indigents policy of the municipality;
- (l) any policies related to the provision of free basic services;
- (m) any policies related to budget implementation and monitoring including –
 - (i) a policy dealing with the shifting of funds within votes;
 - (ii) a policy dealing with unforeseen and unavoidable expenditure; and
 - (iii) policies dealing with management and oversight;
- (n) any policies related to the managing electricity and water including –
 - (i) a policy related to the management of losses; and
 - (ii) a policy to promote conservation and efficiency;
- (o) any policies related to personnel including policies on overtime, vacancies and temporary staff;
- (p) any policies dealing with municipal entities, including –
 - (i) the service delivery agreement; and
 - (ii) the dividend preference of the municipality; and
- (q) any other budget-related or financial management policies of the municipality.

"Budget transfer" means transfer of funding within a function / vote.

"Budget Year" means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

"chief financial officer" means a person designated in terms of section 80(2) (a) of the MFMA;

"councillor" means a member of a municipal council;

"creditor", means a person to whom money is owed by the municipality;

"current year" means the financial year, which has already commenced, but not yet ended;

"delegation", in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

"financial recovery plan" means a plan prepared in terms of section 141 of the MFMA

"financial statements", means statements consisting of at least

- (a) a statement of financial position;
- (b) a statement of financial performance;
- (c) Statement of change in net assets
- (d) a cash-flow statement;
- (e) any other statements that may be prescribed; and
- (f) any notes to these statements;

"financial year" means a twelve months period commencing on 1 July and ending on 30 June each year

"financing agreement" includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

"fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"irregular expenditure", means

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";

"Investment", in relation to funds of a municipality, means

- (a) the placing on deposit of funds of a municipality with a financial institution; or
- (b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

"lender", means a person who provides debt finance to a municipality;

"local community" has the meaning assigned to it in section 1 of the Municipal Systems Act;

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

"Municipal Systems Act" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

"long-term debt" means debt repayable over a period exceeding one year;

"executive mayor" means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

"municipal council" or "council" means the council of a municipality referred to in section 18 of the Municipal Structures Act;

"municipal debt instrument" means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

"municipal entity" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipality"

- (a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
- (b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"accounting officer" means a person appointed in terms of section 82(f) (a) or (b) of the Municipal Structures Act;

"municipal service" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipal tariff" means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"municipal tax" means property rates or other taxes, levies or duties that a municipality may impose;

"National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"official", means

- (a) an employee of a municipality or municipal entity;
- (b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- (c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"overspending"

- (a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
- (b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"past financial year" means the financial year preceding the current year;

"quarter" means any of the following periods in a financial year:

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June;

"service delivery and budget implementation plan" means a detailed plan approved by the executive mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate

- (a) projections for each month of
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter; and
- (c) any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(l) (c) of the MFMA;

"short-term debt" means debt repayable over a period not exceeding one year;

"standards of generally recognised accounting practice", (GRAP) means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board (ASB)

"unauthorised expenditure", means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the municipality otherwise than in accordance with the MFMA;

"virement" means transfer of funds between functions / votes

"vote" means

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

2. INTRODUCTION

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the commencement of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the executive mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realise diverse community needs. Central to this, the formulation of a municipality budget must take into account the government's macro-economic and fiscal policy fundamentals. In brief, the conceptualisation and the operationalisation of the budget must be located within the national government's policy framework.

3. OBJECTIVE

The objective of the budget policy is to set out:

- The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget (MTREF)
- The responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to Eden District Municipality's IDP review and budget processes.

4. BUDGETING PRINCIPLES

- The municipality shall not budget for a cash deficit
- The municipality should ensure that revenue projections in the budget are realistic taking into account actual collection levels but taking into account any changes in the environment which can influence the collection rates.
- Expenditure may only be incurred in terms of the approved annual budget (or adjustment budget) and within the limits of the amounts appropriated for each vote in the approved budget.
- Eden District Municipality shall prepare a three-year budget (medium term revenue and expenditure framework (MTREF)) and that will be reviewed annually and approved by Council.
- The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan (IDP).

5. BUDGET PREPARATION PROCESS

5.1 Budget Steering Committee

A Budget Steering Committee must be established by the Executive Mayor in terms of regulation 4 of the Municipal Budget and Reporting Regulations, to provide technical assistance to the Mayor in discharging the budget process and related matters set out in section 53 of the Act.

5.2 Quality Certification

Whenever an annual budget and supporting documentation, an adjustment budget and supporting documentation or an in-year report of a municipality is submitted to the mayor, tabled in the municipal council, made public or submitted to another organ of state, it must be accompanied by a quality certificate complying with Schedule A, B or C of the regulations, as the case may be, and signed by the municipal manager. (Regulation 5).

5.3 Formulation of the budget

- (a) The Accounting Officer with the assistance of the Chief Financial Officer, Deputy Manager: BTO and the Manager IDP shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.
- (b) The executive mayor shall table the IDP process plan as well as the budget timetable to Council not later than 31 August of each year for approval (10 months before the start of the next budget year).
- (c) IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act (MFMA), Municipal Budget and reporting regulations as well as the guidelines set by National Treasury or any other legislation that may be applicable.
- (d) The Executive Mayor shall table the draft IDP and MTREF budget to council by 31 March of each year (90 days before the start of the new budget year) together with the draft resolutions and budget related policies.
- (e) The Chief Financial Officer and senior managers undertake the technical assumptions and changes to be made to the budget.
- (f) The Deputy Manager: BTO will provide assistance and guidance to the senior management to forecast the projections of the tariffs, revenue, and expenditure to be included in the MTREF.
- (g) The Deputy Manager: BTO with the assistance of the BTO office will compile the budget in the prescribed formats with the inputs receive from the Accounting Officer, CFO and the senior managers.
- (h) The budget must be in the prescribed format by National Treasury, and must be divided into capital and operating budget.
- (i) The budget must reflect the realistically expected revenues by major source for the budget year concerned that is estimated to be collected. (Section 18(2) (a) & (b)) :
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous financial years
- (j) According to Section 18 of the MFMA, an annual budget may only be funded from:
 - Realistically anticipated revenues to be collected;
 - Cash-backed accumulated funds from previous years' surpluses not committed for other purpose; and
 - Borrowed funds, but only for the capital budget referred to in section 17 (2).
- (i) The expenditure reflected in the budget must be divided into the different line items and per vote.
- (k) The budget must contain the information related to the two financial years following the financial year to which the budget relates, as well as the estimated revenues and expenditure for the current year and the two prior year actual revenue and expenditure.

5.4. Public participation process

Immediately after the draft annual budget has been tabled, the municipality invites the public, stakeholder organisations, to make representation at the council hearings and to submit comments in response to the draft budget.

Section 22 of the MFMA states:

Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must:

- (a) In accordance with Chapter 4 of the Municipal Structures Act –
 - (i) Make public the annual budget and the documents referred in section 17 (3); and
 - (ii) Invite the local community to submit representation in connection with the budget; and
- (b) Submit the annual budget –
 - (i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and
 - (ii) In either format to any prescribed national or provincial organ of state and to other municipalities affected by the budget.

Section 23 of the MFMA states: (consultations on tabled budget)

- (1) When the annual budget has been tabled the municipal council must consider any views of –
 - (a) The local community; and
 - (b) The National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.
- (2) After considering all budget submissions, the council must give the mayor an opportunity –
 - (a) To respond to the submissions; and
 - (b) If necessary, to revise the budget and table amendments for consideration by the council.
- (3) The National Treasury may issue guidelines on the manner in which municipal councils should process their annual budgets, including guideline on the formation of a committee of the council to consider the budget and to hold public hearings.
- (4) No guidelines issued in terms of subsection (3) are binding on a municipal council unless adopted by the council.

5.5. Approval of the annual original budget

- (a) Council shall consider the next medium term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year).
- (b) The council resolution, must contain the budget related policies and performance measures to be adopted, the budget (MTREF) (operating and capital budget), tariffs and any other information required by legislation.
- (c) Should the municipality fail to approve the budget before the start of the budget year, the executive mayor must inform the MEC for Finance that the budget has not been approved.
- (d) The budget tabled to Council for approval shall include the following supporting documents:
 - i. draft resolutions approving the budget
 - ii. other taxes and tariffs for the financial year concerned;

- iii. measurable performance objectives for each budget vote, taking into account the municipality's IDP;
- iv. the projected cash flows for the financial year by revenue sources and expenditure votes;
- v. any proposed amendments to the IDP;
- vi. any proposed amendments to the budget-related policies;
- vii. the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the accounting officer, the chief financial officer, and other senior managers;
- viii. particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as Non-Governmental Organisations, welfare institutions and so on;
- ix. particulars of the municipality's investments; and
- x. various information in regard to municipal entities under the shared or sole control of the municipality

5.6. Publication of the budget

- (a) Within 14 days after the draft annual budget has been tabled, the municipality must publish the budget and other budget-related documentation on the municipal website to be accessible to the public.
- (b) The Chief Financial Officer or the Deputy Manager: BTO must within 14 days after the draft annual budget is tabled:
 - (i) submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as publish it on the municipal website.
 - (ii) ensure that a newspaper advertisement is placed that the draft budget is available at the Municipal offices and available for comments.

5.7. Service Delivery and Budget Implementation Plan (SDBIP)

- (a) The Executive mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council.
- (b) The SDBIP shall include the following components:
 - (i) Monthly projections of revenue to be collected for each source
 - (ii) Monthly projections of expenditure (operating and capital) and revenue for each vote
 - (iii) Quarterly projections of service delivery targets and performance indicators for each vote
 - (iv) Ward information for expenditure and service delivery
 - (v) Detailed capital works plan broken down by ward over three years
 - (vi) Any other information that may be required by legislation.

6. CAPITAL BUDGET

- (a) Expenditure of a project shall be included in the capital budget if it meets the asset definition i.e. if it results in an asset being acquired or created and has a useful life in excess of one year.
- (b) The capital budget shall distinguish between replacement and new assets.
- (c) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- (d) The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes. Refer to above section with regards to the funding of the budget.
- (e) Before approving a capital project, the Council must consider:
 - (i) the projected cost of the project over all the ensuing financial years until the project becomes operational,

- ii. future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).
- (f) Before approving the capital budget, the council shall consider:
 - (i) the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
 - (ii) depreciation of fixed assets,
 - (iii) maintenance of fixed assets, and
 - (iv) any other ordinary operational expenses associated with any item on such capital budget.
- (g) Council shall approve the annual or adjustment capital budget only if it has been properly cash funded.
- (h) The capital expenditure shall be funded from the following sources:
 - (i) **Revenue or Surplus**
 - If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.
 - If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.
 - (ii) **External loans**
 - External loans can be raised only if it is linked to the financing of an asset;
 - A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;
 - The loan redemption period should not exceed the estimated life span of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;
 - Interest payable on external loans shall be included as a cost in the operating budget;
 - Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.
 - Section 46 with regards to taking up of a loan must be adhered to.

Capital Replacement Reserve (CRR)

- Council shall establish a CRR for the purpose of financing capital projects and the acquisition of assets. Such reserve can be funded from:
 - inappropriate cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
 - interest on the investments of the CRR, appropriated in terms of the investments policy;
 - additional amounts appropriated as contributions in each annual or adjustments budget; and
 - interest on investments of unutilised grants;
 - only VAT claimed back on grants and subsidies; and
 - Sale of land and profit or loss on the sale of assets.
- Before any asset can be financed from the CRR the financing must be available within the reserve and available as cash as this fund must be cash backed;
- If there is insufficient cash available to fund the CRR this reserve fund must then be adjusted to equal the available cash;

- Transfers to the CRR must be budgeted for in the cash budget

Grant Funding

- Non capital expenditure funded from grants
 - must be budgeted for as part of the revenue budget;
 - Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.
 - Capital expenditure must be budgeted for in the capital budget;
- All unutilized grants received must be ring fenced and cash backed.

7. OPERATING BUDGET

- (a) The municipality shall budget in each annual and adjustments budget for the contribution to:
- (i) provision for accrued leave entitlements .
 - (ii) entitlement of officials as at 30 June of each financial year,
 - (iii) provision for the impairment of debtors taking into account prior year, current year improvements and future improvement in debt collection percentages.
 - (iv) provision for the obsolescence and deterioration of stock in accordance with its stores management policy
 - (v) Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
 - (vi) At least 2% of the operating budget component of each annual and adjustments budget shall be set aside for maintenance. (Excluding Allocation for Roads from Department of Public Transport and Private Public Partnerships and costs to be paid to the private partner and non-cash items)
 - (vii) Any other matters that need to be included in the budget.
- (b) When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.
- (c) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- (d) The operating budget shall reflect the impact of the capital component on:
- depreciation charges
 - repairs and maintenance expenses
 - interest payable on external borrowings.
 - other operating expenses.
 - any other matters that may be prescribed by GRAP or legislation

8. FUNDING OF CAPITAL AND OPERATING BUDGET

- (a) The budget may be financed only from:
- (i) realistically expected revenues, based on current and previous collection levels;
 - (ii) cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
 - (iii) borrowed funds in respect of the capital budget only.

9. UNSPENT FUNDS / ROLL OVER OF BUDGET

- (a) The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.
- (b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year
- (c) Conditions of the grant fund shall be taken into account in applying for such roll over of funds
- (d) No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made at least 30 days (31 May each year) prior the end of that particular financial year.
- (e) No unspent operating budget shall be rolled over to the next budget year

10. ADJUSTMENT BUDGET

Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenditure.

- (a) The chief financial officer and the Deputy Manager. BTO shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the executive mayor and comply with all budget-related policies, and shall make recommendations to the executive mayor on the revision of the IDP and the budget-related policies where these are indicated.
- (b) Council may revise its annual budget by means of an adjustments budget in terms of section 28 of the MFMA and according to the timelines of the Municipal Budget and reporting regulations section 23.
- (c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- (d) The Accounting Officer shall appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for or any areas of critical importance identified by Council.
- (e) The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.
- (f) An adjustments budget must contain all of the following:
 - (i) an explanation of how the adjustments affect the approved annual budget;
 - (ii) appropriate motivations for material adjustments; and
 - (iii) an explanation of the impact of any increased spending on the current and future annual budgets.
- (g) Any inappropriate surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget, but shall be appropriated to the municipality's capital replacement reserve.
- (h) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
- (i) Unauthorised expenses may be authorised in an adjustments budget.

- (i) In regard to unforeseen and unavoidable expenditure, the following apply:
 - (i) the Executive mayor may authorise such expenses in an emergency or other exceptional circumstances in terms of Section 29 of the MFMA;
 - (ii) these expenses must be reported by the Executive mayor to the next Council meeting;
 - (iii) the expenses must be appropriated in an adjustments budget; and
- (iv) Council must pass the adjustments budget within sixty days after the expenses were incurred.

11. BUDGET TRANSFERS AND VIREMENTS

Virement is the process of transferring budgeted funds from one line item number to another, with the approval of the relevant Senior Manager, CFO and Accounting Officer, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. (Section 28 (2) (d) MFMA).

11.1 VIREMENT PROCEDURE

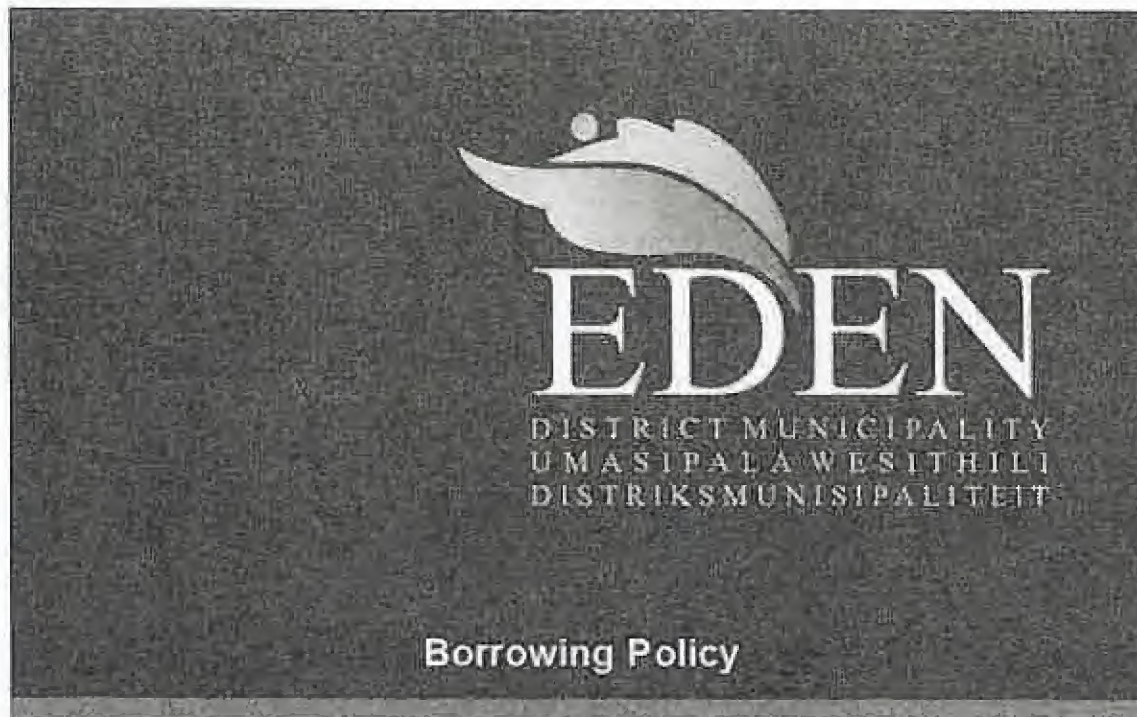
- a) All virement proposals must be completed on the appropriate documentation which is submitted to the CFO who recommends such virement to the Municipal Manager who will approve the virement.
- (b) After approval, the relevant documentation is forwarded to the Deputy Manager: BTO for review and implementation.
- b) All virements must be signed by the executive manager of the directorate within which the vote is allocated. (Section 79 MFMA)
- c) All virements should be approved in line with Council's System of Delegation.
- d) Projected cash flows in the SDBIP should be adjusted in line with the virement.
- e) All documentation must be in order and approved before any expenditure can be committed or incurred. (Section 79 MFMA)

11.2 VIREMENT RESTRICTIONS

- a) Virements between votes (directorates/departments) are not permitted
- b) Virements between the capital budget and the operating budget are not allowed.
- c) No virement may be made where it would result in over expenditure of a line item (Section 32 MFMA)
- d) Virements should not result in adding 'new' projects to the Capital Budget.
- e) Budgets from the following line items may only be transferred by Financial Services:
 - (i) Salaries and allowances
 - (ii) Depreciation
 - (iii) Capital Cost (Interest and Redemption)
 - (iv) Appropriations

ANNEXURE G

BORROWING POLICY



Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

TABLE OF CONTENTS

1. PURPOSE	2
2. OBJECTIVES	2
3. DEFINITIONS	2
4. SCOPE OF THE POLICY	3
5. LEGISLATIVE FRAMEWORK AND DELEGATION OF AUTHORITY.....	3
6. CONSIDERATIONS.....	3
7. DEBT REPAYMENT PERIOD	4
8. SECURITY	4
9. OVERDRAFT	4
10.SHORT-TERM DEBT	4
11.DISCLOSURE.....	5
12.APPROVAL OF LOANS BY THE MUNICIPALITY	5
13.PROVISION FOR REDEMPTION OF LOANS	5
14.NON REPAYMENT OR NON-SERVICING OF LOAN	6
15.PROHIBITED BORROWING PRACTICES.....	6
16.INTERNAL CONTROL	6
17.NATIONAL TREASURY REPORTING AND MONITORING REQUIREMENTS.....	6
18.OTHER REPORTING AND MONITORING REQUIREMENTS.....	7
19.POLICY REVIEW	7
 ANNEXURE.....	 8

**LOCAL GOVERNMENT MUNICIPAL FINANCE MANAGEMENT
ACT, NO 56 OF 2003**

1. PURPOSE

To establish a borrowing framework policy for the Municipality and set out the objectives, statutory requirements and guidelines for the borrowing of funds.

2. OBJECTIVES

To manage interest rate and credit risk exposure. Maintain debt within specified limits and ensure adequate provision for the repayment of debt.

To ensure compliance with Legislation and Council policy, governing the borrowing of funds.

3. DEFINITIONS

“Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“municipal debt” means –

- (a) a monetary liability or obligation on a municipality or municipal entity created by-
 - (i) a financing agreement, note, debenture, bond or overdraft; or
 - (ii) the issuance of municipal debt instruments; or
- i. a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;

“borrower” will be the Eden District Municipality

“lender”, in relation to a municipality or municipal entity, means a person who provides debt finance to a municipality or municipal entity;

“short-term debt”, in relation to a municipality or municipal entity, means debt that is repayable over a period not exceeding one year;

“long-term debt”, in relation to a municipality or municipal entity, means debt repayable by the municipality or municipal entity over a period exceeding one year;

“security”, in relation to a municipality or municipal entity, means any mechanism intended to secure the interest of a lender or investor, and includes any of the mechanisms mentioned in section 48(2) of the Act

“financing agreement” includes any loan agreement, lease, installment, purchase contract or a

hire purchase arrangement under which a Council undertakes to repay a long-term debt over a period.

4. SCOPE OF THE POLICY

Risk Management: The need to manage interest rate risk, credit risk exposure and to maintain debt within specified limits is the foremost objective of the borrowing policy. To attain this objective, diversification is required to ensure that the Chief Financial Officer prudently manages interest rate and credit risk exposure.

Cost of Borrowings: The borrowings should be structured to obtain the lowest possible interest rate, on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by Legislation.

Prudence: Borrowings shall be made with care, skill, prudence and diligence. The standard of prudence to be used shall be the "prudent person" standard and shall be applied in the context of managing overall debt.

Officials are required to adhere to:

- a) written procedures and these guidelines
- b) exercise due diligence
- c) prepare all reports timeously
- d) ensure strict compliance with all Legislation and Council policy

5. LEGISLATIVE FRAMEWORK AND DELEGATION OF AUTHORITY

The relevant legislation and regulations in terms of which borrowing decisions are governed is the Local Government Municipal Finance Management Act, No 56 of 2003.

6. CONSIDERATIONS

The Municipality from time to time, will use certain of its surplus funds to fund its Capital programme. The utilisation of surplus funds enables the Municipality to reduce its reliance on external debt financing, thereby allowing it to borrow only funds from external sources when favorable market conditions prevail.

6.1 Factors to be considered when borrowing:

- the type and extent of benefits to be obtained from the borrowing.
- the length of time the benefits will be received.
- the beneficiaries of the acquisition or development.
- the impact of interest and redemption payments on both current and forecasted income.
- the current and future capacity of the income base to pay for borrowings and the rate of growth of the income base.
- likely movements in interest rates for variable rate borrowings.
- other current and projected sources of funds.

- Competing demands for funds
- Timing of money markets interest rate movements and the long term rates on the interest rate curve
- The municipality will, in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges
- Municipality may only borrow funds, in terms of the Municipal Finance Management Act, for the purpose of acquiring assets, improving facilities or infrastructure to provide service delivery

6.2 Potential lenders include:

- The Development Bank of Southern Africa
- Registered Banks in South Africa

7. DEBT REPAYMENT PERIOD

Whilst the period for which loan debt may be received will vary from time to time according to the requirements of the various Lenders, presently the typical debt repayment period for loans in the current economic climate is between 10 to 15 years. Cognisance is taken of the useful lives of the underlying assets to be financed by the debt, and, moreover, careful consideration is taken of the interest rates on the interest yield curve. Should it be established that it is cost effective to borrow the funds on a shorter duration (as opposed to the life of the asset) as indicated by the interest yield curve, the loan will be negotiated to optimise the most favorable and cost effective benefit to the Municipality.

8. SECURITY

The Municipal Finance Management Act provides that the Municipality may provide security for any of its debt obligations, including the giving of a lien, pledging, mortgaging or ceding an asset, or giving any other form of collateral. It may cede as security any category of revenue or rights of future revenue. Some Lenders may require the Municipality to agree to restrictions on debt that the Municipality may incur in future until the secured debt is settled.

9. OVERDRAFT

Eden District Municipality has a bank overdraft facility. However, while in a sound financial position, this facility be not utilised.

10. SHORT TERM DEBT

The Municipal Finance Management Act provides that the Municipality may incur short term debt only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year, or capital needs within a financial year, to be repaid from specific funds to

be received from enforceable allocations or long term debt commitments.

The Municipality must pay off short term debt within the same financial year and may not renew or refinance its short term debt. The Municipality may, in terms of the Municipal Finance Management Act, incur short term debt only if the Chief Financial Officer has made a prior written finding that the debt is either within prudential limits on short term debt as previously approved by Municipality, or is necessary due to an emergency that could not reasonably have been foreseen and cannot await Council approval, but the short term debt in these instances must first be approved by the Accounting Officer before it can be incurred.

11. DISCLOSURE

Any official involved in the securing of loans by the Municipality must, when interacting with a prospective lender or when preparing documentation for consideration by a prospective Investor disclose all relevant information that may be requested or that may be material to the decision of the prospective Lender or Investor. Reasonable care must be taken to ensure the accuracy of any information disclosed. Whilst this is a standard and acceptable business practice, it is also in compliance with section 49 of the Municipal Finance Management Act.

12. APPROVAL OF LOANS BY THE MUNICIPALITY

Section 46 of the Municipal Finance Management Act stipulates that the Municipality may incur long-term debt only if a resolution of the Council, signed by the mayor, has approved the debt agreement and the Accounting Officer has signed the agreement or other document which acknowledges the debt. At least 21 days prior to the meeting of the Council at which approval for the debt is to be considered, the Municipality must make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided. The Public, the National Treasury and Provincial Treasury must be invited to submit written comments or representations to the council in respect of the proposed debt. A copy of the information statement must be submitted to Council at least 21 days prior to the meeting to discuss the proposed loan, together with particulars of –

- i. the essential repayment terms, including the anticipated debt repayment schedule; and
- ii. the anticipated total cost in connection with such debt over the repayment period.

13. PROVISION FOR REDEMPTION OF LOANS

Eden District Municipality may borrow from Institutions and set up sinking funds to facilitate loan repayments, especially when the repayment is to be met by a bullet payment on the maturity date of the loan. These sinking funds may also be invested directly with the Lender's Bank. The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid. Use can also be made of guaranteed endowment policies to facilitate the payment on maturity date.

14. NON-REPAYMENT OR NON-SERVICING OF LOAN

Eden District Municipality must honour all its loan obligations timeously. Failure to effect prompt payment will adversely affect the raising of future loans at favorable costs of borrowing. In addition to the timeous payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements.

15. PROHIBITED BORROWING PRACTICES

In the past some Municipalities have borrowed funds with the sole purpose of investing them to earn a return. The motive was clearly speculative. The cost of debt is almost always more expensive than the return that the Municipality can derive by investing in permitted investments. Consequently, as a principle, Eden District Municipality does not borrow for investment purposes, but depending on the shape of the interest yield curve may borrow in advance of its capital cash flow needs in a given financial year to take advantage of an inverse interest yield curve. Foreign Borrowing is permitted in terms of section 47 of the Municipal Finance Management Act, whereby the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

16. INTERNAL CONTROL

The internal control procedures involve Internal Audit and Performance Management, and the Auditor General reviewing and testing the systems of the Finance Department on a regular basis. In order to prevent losses arising from fraud, misrepresentations, error, conflict of interest or imprudent action, a system of internal controls governs the administration and management of the portfolio.

Controls deemed most important include:-

- Control of collusion, separation of duties.
- Custodial safekeeping of loan agreements and contracts.
- Clear delegation of duties.
- Checking and verification by senior officials of all transactions.
- Documentation of transactions and repayments.
- Code of ethics and standards
- Electronic Funds Transfer limits and a detailed procedure manual for the system.

17. NATIONAL TREASURY REPORTING AND MONITORING REQUIREMENTS

The Municipality submits required returns to National Treasury. It is mainly coordinated by the Accounting Division. One such report deals with the Municipality's external interest paid each month. Another return, prepared on a quarterly basis, requires the Municipality to itemise all its external borrowings for the quarter ended.

18. OTHER REPORTING AND MONITORING REQUIREMENTS

Regular reporting mechanisms are in place in order to access the borrowings portfolio and to ensure compliance with policy objectives, guidelines and applicable laws.

Quarterly activities:

- National Treasury Borrowings Return

General

- Report actual borrowings (in compliance with Section 71 of the Municipal Finance Management Act) to the mayor and Provincial Treasury

Annually:-

- Preparation of Annual Budget
- Preparation of Annual Cash Flow
- Forecast Preparation of Annual Financial Statements
- Confirmation of Lender balances at financial year end obtaining written certification of loan balances at year end
- Completion of credit rating questionnaire
- Annual external audit conducted by Auditor General

19. POLICY REVIEW

The Deputy Manager: BTO, income, expenditure, remuneration, AFS will for the purposes of ensuring that this policy is aligned to the legislation, consider if and when necessary to amend the policy. In the event of the policy not being amended during the budget process, the approved policy will remain applicable.

ANNEXURES***EXTRACTS FROM THE LOCAL GOVERNMENT MUNICIPAL FINANCE
MANAGEMENT ACT NO 56 OF 2003 - CHAPTER 6: DEBT*****SHORT-TERM DEBT**

45 (1) A municipality may incur short-term debt only in accordance with and subject to the provisions of this Act. A municipality may incur short-term debt only when necessary to bridge

- (a) shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or
- (b) capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

(2) A municipality may incur short term debt only if - a resolution of the municipal council, signed by the mayor, has approved the debt agreement; and the accounting officer has signed the agreement or other document which creates or acknowledges the debt.

(3) For the purpose of subsection (2) (a.) a municipal council may - approve a short term debt individually ; or approve an agreement with a lender for a short-term credit facility to be accessed as and when required , including a line of credit or bank overdraft facility , provided that -

- (i) the credit limit must be specified in the resolution of the council ;
- (ii) the terms of agreement , including the credit limit , may be changed only by a resolution of the council ; and
- (iii) if the council approves a credit facility that is limited to emergency use , the accounting officer must notify the council in writing as soon as practical of the amount , duration and any debt incurred in terms of such a credit facility , as well as options for repaying such debt.

(4) A municipality - must pay off short-term debt within the financial year; and may not renew or refinance short-term debt, whether its own debt or that of any other entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

(5) (a) No lender may willfully extend credit to a municipality for the purpose of renewing or refinancing short-term debt that must be paid off in terms of subsection (4)(a). If a lender willfully extends credit to a municipality in contravention of paragraph (a), the municipality is not bound to repay the loan or interest on the loan.

(6) Subsection (5)(b) does not apply if the lender -

- (a) relied in good faith on written representations of the municipality as to the purpose of the borrowing; and

- (b) did not know and had no reason to believe that the borrowing was for the purpose of renewing or refinancing short-term debt

LONG-TERM DEBT

46. (1) A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of this Act, including section 19, and only for the purpose of—

(a) capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection (4); or

(b) re-financing existing long-term debt subject to subsection (5). A municipality may incur long-term debt only if — a resolution of the municipal council, signed by the mayor, has approved the debt agreement; and

(b) the accounting officer has signed the agreement or other document which creates or acknowledges the debt.

(3) A municipality may incur long-term debt only if the accounting officer of the municipality has in accordance with subsection 21A of the Municipal Systems Act— at least 21 days prior to the meeting of the council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and

(ii) invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt; and

(b) has submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council, together with particulars of —

(i) the essential repayment terms, including the anticipated debt repayment schedule; and

(ii) the anticipated total cost in connection with such debt over the repayment period. Capital expenditure contemplated in subsection (1)(a) may include - financing costs, including - capitalised interest for a reasonable initial period; costs associated with security arrangements in accordance with section 48; discounts and fees in connection with the financing; fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing costs of professional services directly related to the capital expenditure; and (c) such other costs as may be prescribed.

(5) A municipality may borrow money for the purpose of re-financing existing long-term debt, provided - the existing long-term debt was lawfully incurred;

(b) the re-financing does not extend the term of the debt beyond the useful life of the

property, plant or equipment for which the money was originally borrowed;

(c) the net present value of projected future payments (including principal and interest payments) after re-financing is less than the net present value of projected future payments before re-financing and

(d) the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a framework that may be prescribed.

(8) A municipality's long-term debt must be consistent with its capital budget referred to in section 17(2).

CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT

47. A municipality may incur debt only if –

(a) the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value the Rand against any foreign currency;

(b) section 48 (3) has been complied with, if security is to be provided by the municipality

SECURITY

48. (1) A municipality may, by resolution of its council, provide security for –

(a) any of its debt obligations;

(b) any debt obligations of a municipal entity under its sole control; or

(c) contractual obligations of the municipality undertaken in connection with capital expenditure by other persons on property, plant or equipment to be used by the municipality or such other person for the purpose of achieving the objects of local government in terms of section 152 of the Constitution.

(2) A municipality may in terms of subsection (1) provide any appropriate security including by - giving a lien on, or pledging, mortgaging, ceding or otherwise hypothecating an asset or right, or giving any other form of collateral:

(b) undertaking to effect payment directly from money or sources that may become available and to authorise the lender or investor direct access to such sources to ensure payment of the secured debt or performance of the secured obligations, but this form of security may not affect compliance with section 8 (2)

(c) undertaking to deposit funds with the lender, investor or third party as security;

- (d) agreeing to specific payment mechanisms or procedures to ensure exclusive or dedicated payment to lenders or investors, including revenue intercepts, payments into dedicated accounts or other payment mechanisms or procedures;
 - (e) pledging as security any category of revenue or rights for future revenue;
 - (f) undertaking to have disputes resolved through mediation, arbitration or other dispute resolution mechanisms;
 - (g) undertaking to retain revenues or specific charges, fees, tariffs or funds at a particular level or at a level sufficient to meet its financial obligations;
 - (h) undertaking to make provision in its budgets for the payment of its financial obligations, including capital and interest;
 - (i) agreeing to restrictions on debt that the municipality may incur in future until the secured debt is settled or the secured obligations are met; and
 - (j) agreeing to such other arrangements as the municipality may consider necessary and prudent.
- (3) A council resolution authorising the provision of security in terms of subsection (2)(a) - must determine whether the asset or right with respect to which the security is provided, is necessary for providing the minimum level of basic municipal services; and
- (b) if so, must indicate the matter in which the availability of the asset or right for provision of that minimum level of basic municipal services will be protected.
- (4) If the resolution has determined that the asset or right is necessary for providing the minimum level of basic municipal services, neither the party to whom the municipal security is provided, nor any successor or assignee of such party, may, in the event of a default by the municipality, deal with asset or right in a manner that would preclude or impede the continuation of that minimum level of basic municipal services.
- (5) A determination in terms of subsection (3) that an asset or right is not necessary for providing the minimum level of basic municipal services is binding on the municipality until the secured debt has been paid in full or the secured obligations have been performed in full, as the case may be.

DISCLOSURE

49. (1) Any person involved in the borrowing of money by a municipality must, when interacting with a prospective lender or when preparing documentation for consideration by a prospective investor -disclose all information in that person's possession or within that person's knowledge that may be material to the decision of that prospective lender or investor; and take reasonable care to ensure the accuracy of any information disclosed.

(2) A lender or investor may rely on written representations of the municipality, if the lender or investor did not know and had no reason to believe that those representations were false or misleading.

MUNICIPAL GUARANTEES

50. A municipality may not issue any guarantee for any commitment or debt of any organ of state or person, except on the following conditions:

- (a) The guarantee must be within limits specified in the municipality's approved budget;
- (b) a municipality may guarantee the debt of a municipal entity under its sole control only if the guarantee is authorised by the council in the same manner and subject to the same conditions applicable to a municipality in terms of this Chapter if it incurs debt
- (c) a municipality may guarantee the debt of a municipal entity under its shared control or of any other person, but only with the approval of the National Treasury, and then only if-
 - (i) the municipality creates, and maintains for the duration of the guarantee, a cash-backed reserve equal to its total potential financial exposure as a result of such guarantee; or
 - (ii) the municipality purchases and maintains in effect for the duration of the guarantee, a policy of insurance issued by a registered insurer, which covers the full amount of the municipality's potential financial exposure as a result of such guarantee.

NATIONAL AND PROVINCIAL GUARANTEES

51. Neither the national nor a provincial government may guarantee the debt of a municipality or municipal entity except to the extent that Chapter 8 of the Public / New Finance Management Act provides for such guarantees.

ANNEXURE H

LONGTERM FINANCIAL MANAGEMENT POLICY



LONG-TERM FINANCIAL PLAN POLICY
EDEN DISTRICT MUNICIPALITY

Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

TABLE OF CONTENTS

1. ABBREVIATIONS AND DEFINITIONS	2
2. INTRODUCTION	3
3. PURPOSE	3
4. GUIDING PRINCIPLES	3
5. ROLE PLAYERS AND STAKEHOLDERS	4
6. REGULATORY CONTEXT	5
7. POLICY DIRECTIVE DETAILS	6
8. EVALUATION AND REVIEW	9

1. ABBREVIATIONS/DEFINITIONS

Basic municipal service: A municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

BSC: Budget Steering Committee, a committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA;

Budget-related policy: A policy of a municipality affecting or affected by the annual budget of the municipality, including—

(a) the tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

(b) the credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

IDP: Integrated Development Plan;

LTFP: Long Term Financial Plan;

Long-term debt: Debt repayable over a period exceeding one year;

MBRR: Municipal Budget and Reporting Regulations;

MFMA: Municipal Finance Management Act No 56 of 2003;

MTREF: Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years;

Municipal tariff: A tariff for services which a municipality may set for the provision of a service;

National Treasury: National Treasury established by section 5 of the Public Finance Management Act;

Short Term: Refers to a period up to 1 (one) year;

Medium Term: Refers to a period between 2 (two) and 3 (three) years;

Long Term: Refers to any period longer than 3 (three) years.

2. INTRODUCTION

2.1 The Local Government: Municipal Finance Management Act No 56 of 2003 (MFMA) has instituted various financial reform measures. Sound financial management practices have been identified as essential to the long-term sustainability of municipalities. In this regard the MFMA necessitates that municipality's must have a policy related to a Long Term Financial Plan (LTFP).

2.2 A municipality's financial plan integrates the financial relationships of various revenue and expenditure streams to give effect to the Integrated Development Plan (IDP). It provides guidance for the development of current budgets and assesses financial impacts on outer years' budgets by incorporating capital expenditure outcomes, operating expenditure trends, optimal asset management plans and the consequential impact on tariffs and other service charges.

2.3 A municipality's long term financial model aims to determine the appropriate mix of parameters and assumptions within which the municipality should operate to facilitate budgets which are affordable and sustainable at least 5 years into the future. In addition, it identifies the consequential financial impact of planned capital projects on the municipality's operational budget.

3. PURPOSE

The policy aims to ensure that all long-term financial planning is based on a structured and consistent methodology thereby ensuring long-term financial affordability and sustainability.

4. GUIDING PRINCIPLES

The policy is based on the following principles:-

(a) Future financial sustainability;

- (b) Optimal collection of revenue, taking into consideration the socio economic environment;
- (c) Optimal utilisation of grant funding;
- (d) Continuous improvement and expansion in the service delivery framework, and
- (e) Prudent financial strategies.

5. ROLE PLAYERS AND STAKEHOLDERS

The following role players will ensure that the LTFP is implemented in accordance with the prescribed legislative requirements and Council processes.

5.1 Budget Office

- (a) Responsible for the preparation and the completion of the LTFP;
- (b) Responsible for overall oversight;
- (c) Present long term financial plan outcome to the Budget Steering Committee;
- (d) Review Policy and Strategy, in consultation with relevant stakeholders, to ensure maximum compliance in terms of legislation.

5.2 Departments

- (a) Responsible for providing reasons on past performance outcomes;
- (b) Responsible for providing information to Budget Office to update the financial plan;
- (c) Required to identify revenue and expenditure plans for both operating and capital budgets for at least 3 years;
- (d) Required to make recommendations on future service delivery matters.

5.3 Budget Steering Committee

- (a) Responsible for providing strategic guidance on matters relevant to the long term financial plan;
- (b) Responsible for endorsing the projected MTREF assumptions and parameters contemplated by the LTFP.

8. REGULATORY CONTEXT

6.1 Section 17 (3) of the MFMA states that “when an annual budget is tabled it must be accompanied by, amongst others, “any proposed amendments to the budget-related policies of the municipality”.

6.2 Section 21 of the MFMA states that the mayor of a municipality must at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for, amongst others:

- (i) the annual review of—
 - (aa) the integrated development plan in terms of section 34 of the Municipal Systems Act;
 - (bb) the budget-related policies;
- (ii) the tabling and adoption of any amendments to the integrated development plan and the budget-related policies; and
- (iii) any consultative processes forming part of the processes referred to in subparagraphs(i) and (ii).

6.3 Section 7 (1) of the Local Government Municipal Finance Management Act, 2003, Municipal Budget and Reporting Regulations, 2008 (MBRR) states that:

“the Municipal Manager of a municipality must prepare, or take all reasonable steps to ensure the preparation of budget-related policies of the municipality, or any necessary amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21 (1)(b) of the MFMA”.

6.4 Section 7 (1) reference (1) of the MBRR, further states that “as defined in section 1 of the MFMA. Policies that affect or are affected by the annual budget of a municipality include . . . “(g) a policy related to the long term financial plan”.

6.5 Section 4 (1) of the MBRR states “that the mayor of a municipality must establish a budget steering committee to provide technical

assistance to the mayor in discharging the responsibilities set out in section 53 of the MFMA”.

6.6 Section 28 (h) of the Local Government Municipal Systems Act 32 of 2000 (MSA) states that “An Integrated Development Plan must reflect a financial plan, which must include a budget projection for at least the next three years”.

7. POLICY DIRECTIVE DETAILS

7.1 Financial strategies.

An intrinsic feature of the LTFP is to give effect to the municipality's financial strategies. These strategies include:

- (a) Increasing funding for asset maintenance and renewal;
- (b) Continuous improvement to the financial position;
- (c) Ensuring affordable debt levels to fund the capital budget;
- (d) Maintaining fair, equitable and affordable tariff increase;
- (e) Maintaining or improving basic municipal services;
- (f) Achieving and maintaining a breakeven/surplus Operating budget; and
- (g) Ensuring full cost recovery for the provision of internal services.

7.2 Non – financial strategies

The LTFP is a key component for achieving the goals listed in the IDP of the Municipality. The LTFP must consider the following non – financial strategic strategies:

- (a) The Municipality's Strategic Focus Areas;
- (b) Infrastructure growth strategies; and
- (c) The Municipality's Spatial Development Framework.

7.3 Preparation of the LTFP

7.3.1 The LTFP process should commence by latest June of each year.

7.3.2 The LTFP should consider the fiscal overview by reviewing past financial performance, projection of long-term financial outlook and financing and funding arrangements. The following matters should be considered annually:

- (a) Revising the long-term financial plan for events that may have impacted during the recent past;
- (b) Assessing the outcomes and achievements of the past few years' financial performance as per the audited financial statements;
- (c) Reviewing the financial objective and assumptions;

- (d) Reviewing the past and summarise long term financial outlook;
- (e) Assess the current overall financial position and liquidity situation;
- (f) Identify any financial challenges and constraints;
- (g) Identifying strategies to deal with the challenges, and to maintain financial viability and capacity to sustain services;
- (h) Identify overall funding mix and implications for own revenue and external funding; and
- (i) Assess compliance with the MFMA and other relevant legislation.

7.3.3 The LTFP is prepared in an uncertain environment. It is therefore required to make certain assumptions. Assumptions on the following internal and external factors must be made:

- (a) Reviewing the external factors (e.g. population migration, employment, health, roads, development of businesses and the Eden region);
- (b) General inflation outlook and its impact on the municipal activities;
- (c) Credit rating outlook;
- (d) Interest rates for borrowing and investment of funds;
- (e) Tariffs and charges, and timing of revenue collection;
- (f) Collection rates for each revenue source;
- (g) Price movements on specifics e.g. fuel etc.
- (h) Average salary increases;
- (i) Industrial relations climate, reorganisation and capacity building;
- (j) Trends in population and households (growth, decline, stable);
- (k) Changing demand characteristics (demand for services);
- (l) Impact of national, provincial and local policies;
- (m) Ability of the municipality to spend and deliver on programmes; and
- (n) Implications of restructuring and other major events into the future.

7.3.4 Intergovernmental fiscal transfers/allocations from National and Provincial government play a pivotal role in the finances of the Municipality. The following unconditional transfers/allocations must be considered, as a minimum, when projecting the budget:

- (a) Local Government Equitable Share; and
- (b) Grants related to the provision of Provincial government functions.

7.4 The Municipality's LTFP model and scenario planning:

7.4.1 The Municipality's financial model gives effect to the LTFP. It enables the forecasting of the operating and capital budgets for at least 5 years into the future. The model embodies National Treasury's budget preparation guidelines, drawing on assumptions and parameters to forecast the operating budget.

7.4.2 Strategic initiatives should be prioritised and quantified to be included in the financial model.

7.4.3 The financial forecasting model must be updated using the fiscal overview, assumption and intergovernmental fiscal transfers/allocations information to identify immediate opportunities and/or risks.

7.4.4 The medium and long-term financial viability should be evaluated.

7.4.5 Re-iterative scenario planning should be executed to ensure optimum use of resources to cater for strategic initiatives.

7.4.6 To identify the optimum balance between revenue collection and municipal spending the following should be taken into account:

- (a) The impact each scenario has on the financial sustainability and affordability of the Municipality;
- (b) Whether scenarios are realistic in terms of revenue projections;
- (c) Potential revenue enhancement strategies which may have a long-term impact on the revenue base of the Municipality;
- (d) Potential cost saving mechanisms related to strategic initiatives; and
- (e) The impact of infrastructure investments and maintenance programs on future revenue streams.

7.4.7 Presentations on scenarios should be presented to the BSC as may be requested.

7.4.8 BSC should endorse the final MTREF scenario inclusive of assumptions and parameters annually by latest January.

7.5 The annual updated LTFP should identify the following:

7.5.1 Assumptions and parameters to be used to compile the Operating and Capital budgets over the next MTREF;

7.5.2 Future operating revenue and expenditure projections based on assumptions and parameters;

7.5.3 Future affordability of projected Capital Plans;

7.5.4 The level of infrastructure development required to achieve the Municipal priorities, within the funding restrictions; and

7.5.5 External funding requirements in respect of long term debt.

7.6 Implementation of the LTFP

7.6.1 The annual updated LTFP should provide the parameters and assumptions for the compilation of the operating and capital budgets for the next MTREF.

7.6.2 This information should be provided to the departments by latest January of each year.

8. EVALUATION AND REVIEW

8.1 This policy must be reviewed on an annual basis.

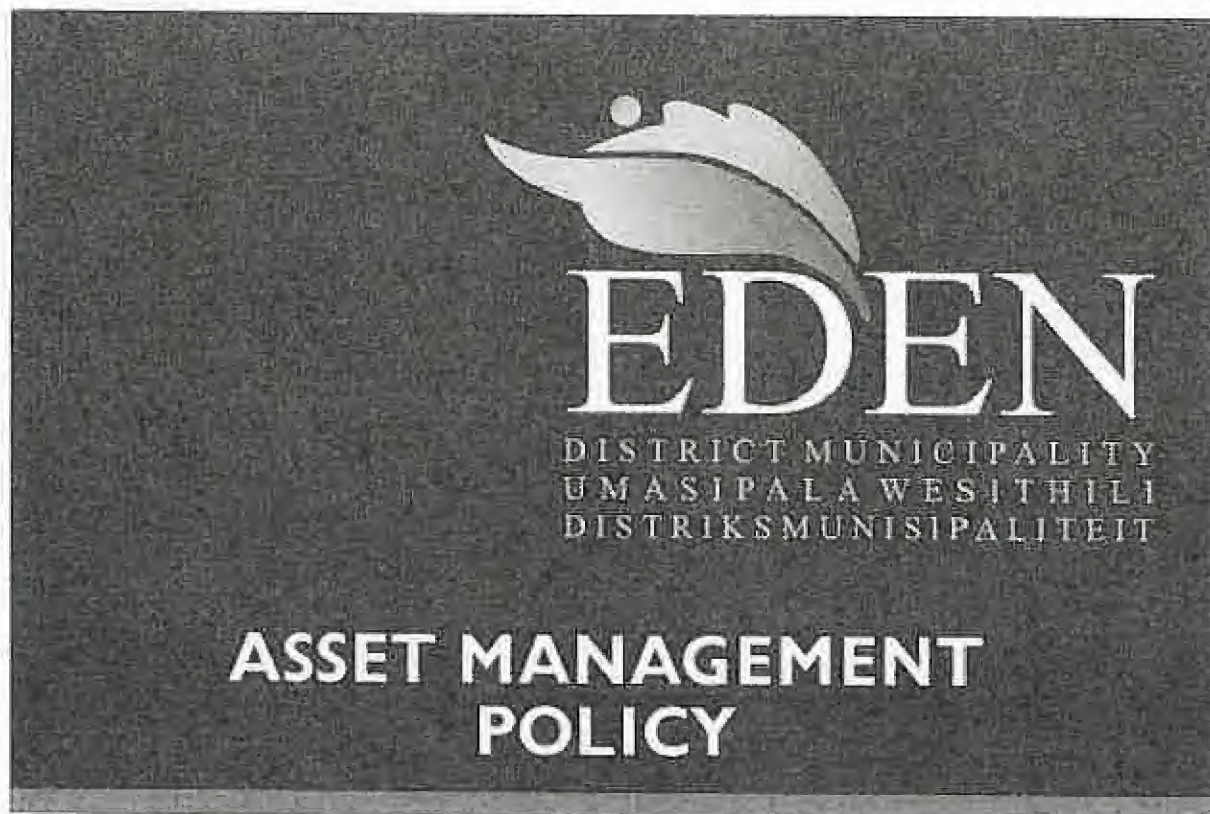
8.2 Changes in financial strategy, non – financial strategic strategies and legislation must be taken into account for future amendments to this policy.

8.3 Any amendments must be tabled to Council for approval as part of the budget process.

ANNEXURE I

ASSET MANAGEMENT

POLICY



Council Resolution: DC 663/05/14
Adopted: 30/05/2014

CONTENTS

1. INTRODUCTION	2
2. OBJECTIVE OF THIS POLICY	2
3. DEFINITIONS	3
4. STATUTORY AND REGULATORY FRAMEWORK	5
5. BACKGROUND	5
6. DELEGATION OF POWERS	6
7. EFFECTIVE ASSET MANAGEMENT	7
8. ACQUISITION OF ASSETS	30
9. PURCHASE OR HIRE OF IMMOVABLE PROPERTY	31
10. IMPLEMENTATION OF THIS POLICY	32
11. APPENDIX A	33
12. APPENDIX B: ASSET TRANSFER FORM	36

1. INTRODUCTION

This Policy for the management of assets has been designed to assist management and officials of the Eden District Municipality with the description of management procedures for Property, Plant and Equipment, Investment Property, Agricultural Assets and Intangible Assets. It also should assist with the capacity to differentiate between activities, which are acceptable in terms of general authorization, supervisory responsibilities and limits of authority to the management of assets and functions of the organisation.

This Policy will provide certainty with respect to the handling of asset management procedures undertaken within the organization and will ensure that management and employees understand their respective responsibilities and duties.

For the purpose of this policy, assets exclude inventory and monetary assets such as debtors.

This Policy replaces all asset management procedures/instructions and memoranda that have been previously issued.

2. OBJECTIVE OF THIS POLICY

The objective of this policy is to ensure that assets of the Municipality are properly managed and accounted for by: -

- The accurate recording of essential asset information;
- The accurate recording of asset movements;
- Exercising strict physical controls over all assets;
- Treating the assets correctly in the Municipality's financial statements;
- Providing accurate and meaningful management information;
- Compliance with the Council's accounting policies and Generally Recognised Accounting Practices;
- Adequate insuring of assets;
- Maintenance of Council's assets;
- Ensuring that managers are aware of their responsibilities with regard to the assets; and
- Setting out the standards of management, recording and internal controls so as to safeguard the assets against inappropriate utilisation or loss.

3. DEFINITIONS

Accounting officer means the municipal manager appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of section 60 of the Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000).

Agricultural Activity is the management by an entity of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

Agricultural Produce is the harvested product of the entity's biological assets.

A Biological Asset is a living animal or plant.

Assets are resources controlled by the municipality as a result of past events and from which future economic benefit or service potential are expected to flow. However for the purpose of this policy exclude inventory and other monetary assets.

Biological Transformation comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes to a biological asset.

Carrying amount is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.

Chief Financial Officer means an officer of a municipality designated by the municipal manager to be administratively in charge of the budgetary and treasury functions.

Class of property, plant and equipment means a grouping of assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Community assets are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of Standards of GRAP.

Depreciable amount is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are defined as culturally significant resources. Examples are works of art, historical buildings and statues.

An impairment loss of a cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

Infrastructure assets are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.

Intangible assets are identifiable non-monetary assets without physical substance.

Investment properties are defined as property (land or a building or part of a building or both) held (by the owner or by lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production and supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

Municipal valuation means the official valuation of an immovable property as reflected in the Municipality's valuation roll.

Other assets are defined as assets utilized in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.

Property, plant and equipment are tangible assets that:-

- are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- are expected to be used during more than one period.

Recoverable amount is the higher of a cash-generating asset's net selling price and its future value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its future value in use.

Residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and condition expected at the end of its useful life.

Useful life is:-

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality's accounting officer.

4. STATUTORY AND REGULATORY FRAMEWORK

The Municipality shall, notwithstanding this policy, comply with all relevant legislative requirements, including:

- The Constitution of the Republic of South Africa; 1996
- Local Government: Municipal Systems Act; 2000
- Local Government: Municipal Finance Management Act; 2003
- Division of Revenue Act; 2005
- Generally Recognised Accounting Practice (GRAP)
- Supply Chain Management Legislation

This document constitutes a policy statement and shall not take precedence over the standards specified by the Accounting Standards Board. The relevant accounting standards include:

- **GRAP 1** Presentation of Financial Statements;
- **GRAP 13** Leases;
- **GRAP 16** Investment Property;
- **GRAP 17** Property, Plant and Equipment;
- **GRAP 100** Non-Current Assets Held for Sale and Discontinued Operations;
- **GRAP 101** Agriculture; and
- **GRAP 102** Intangible Assets.

5. BACKGROUND

The utilization and management of property, plant and equipment, investment property, intangible assets and agricultural assets is the prime mechanism by which the Municipality can fulfil its constitutional mandates for:-

- Delivery of sustainable services;
- Social and economic development;
- Promoting safe and healthy environments; and
- Fulfilling the basic needs to the community.

As trustees on behalf of the local community, the Municipality has a legislative and moral obligation to ensure it implements policies to safeguard the monetary value and future service provision invested in assets.

The policy for the management of assets deals with the Municipal rules required to ensure the enforcement of appropriate stewardship of assets. Stewardship has two components being that:-

- Financial administration by the Chief Financial Officer; and
- Physical administration by the relevant managers.

Statutory provisions are being implemented to protect public property against arbitrary and inappropriate management or disposals by local government.

Accounting standards have been approved by the Accounting Standards Board to ensure the appropriate financial treatment for property, plant and equipment, investment property, intangible assets and agricultural assets. The requirements of these new accounting standards include:-

- The compilation of asset registers covering all assets controlled by the Municipality.
- Accounting treatment for the acquisition, disposal, recording and depreciation / amortisation of assets.
- The standards to which financial records must be maintained to comply with the new accounting standards.

6. DELEGATION OF POWERS

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Municipal Manager and other responsible officials as well as between the Council and the Executive Mayor and the Council and the Municipal Manager. All delegations in terms of this policy must be recorded in writing.

In accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA), the Municipal Manager is the accounting officer of the Municipality and therefore all designated officials are accountable to him/her. The Municipal Manager is therefore accountable for all transactions entered into by his/her designates.

The overall responsibility of asset management lies with the Municipal Manager. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing.

7. EFFECTIVE ASSET MANAGEMENT

7.1 Responsibilities

The Municipal Manager is responsible for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets. He/she must ensure that:-

- The Municipality has and maintains a management, accounting and information system that accounts for the assets of the Municipality.
- The Municipality's assets are valued in accordance with standards of Generally Recognized Accounting Practice (GRAP).
- The Municipality has and maintains a system of internal control of assets, including an asset register.
- Senior managers and their teams comply with this policy.

The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial investment in the Municipality's assets is safeguarded and maintained. He/she may delegate or otherwise assign responsibility for performing these functions but he/she will remain accountable for ensuring that these activities are performed. He/she must ensure that:-

- Appropriate systems of financial management and internal control are established and carried out diligently.
- The financial and other resources of the Municipality assigned to him/her are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented.
- The systems, processes and registers required to substantiate the financial values of the Municipality's assets are maintained to standards sufficient to satisfy the requirements of effective management.
- Financial processes are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets.
- The senior managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.

The Senior Managers must ensure that:

- Appropriate systems of physical management and control are established and carried out for assets in their area of responsibility.
- The Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful utilization and losses resulting from criminal or negligent conduct are prevented.
- Their management systems and controls can provide an accurate, reliable and up to date account of assets under their control.
- They are able to justify that their plans, budgets, purchasing, maintenance and disposal decisions for assets optimally achieve the Municipality's strategic objectives.

The senior managers may delegate or otherwise assign responsibility for performing these functions but they *will remain accountable for ensuring that these activities are performed.*

Each senior manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

The responsibility for the physical control of assets rests with the relevant senior manager to whom the responsibility was delegated to in terms of section 79 of the Municipal Finance Management Act, No 56 of 2003.

Each senior manager shall ensure that assets entrusted to him / her are adequately maintained, properly used and insured and ensure that section 78 of the Municipal Finance Management Act, No 56 of 2003, is adhered to.

The Chief Financial Officer (Asset Unit), must be notified by the Heads Of Departments of any transfer of assets between departments after arrangements between the relevant senior managers were made.

Upon the resignation / retirement of an employee, the applicable senior manager must inform the Chief Financial Officer and Corporate Service Department in writing that the asset items entrusted to that employee to execute his / her duties are in good order and returned. When necessary the applicable senior manager must inform the Corporate Services Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant senior manager.

7.2 Asset Register

Establishment and Management of the Register of Assets

The Chief Financial Officer will establish and maintain the Register containing key financial data on each item of Property, Plant or Equipment, Investment Property, Intangible Assets and Agricultural Assets that satisfies the criterion for recognition.

Senior managers are responsible for establishing and maintaining any additional register or database required to demonstrate their physical management of their assets.

Each senior manager is responsible to ensure that sufficient controls exist to substantiate the quantity, value, location and condition of all assets in their registers.

Contents of the Asset Register

- The measurement based used (Cost or Fair Value);
- The depreciation methods used;
- The original useful life;
- The revised useful life;
- The residual value;
- The revised residual value;
- Depreciation charged for the period;
- The accumulated depreciation;
- The gross carrying amount;
- Date of acquisition or brought into use;
- Date of disposal (if applicable);
- Increases or the decreases resulting from revaluations (if applicable);
- Date of last revaluation;
- Method of calculating recoverable amount (when impairment tests are required in terms of GRAP);
- Any restrictions on title to the asset;
- Location;
- Source of finance;
- Condition of the asset;
- Method of calculating the recoverable amount (when impairment losses are required in terms of GRAP);
- Strategic purpose and if it is required to provide minimum basic services; and
- Responsible Functional Manager/ department/ vote.
- Impairment losses incurred during the financial year (and the reversal of such losses, where applicable)

- Whether the asset is required to perform basic municipal services
- Whether the asset has been used to secure any debt, and – if so - the nature and duration of such security arrangements
- The title deed number, in the case of fixed property

All senior managers under whose control any fixed asset falls shall promptly provide the Chief Financial Officer in writing with any information required to compile the fixed asset register, and shall promptly advise the Chief Financial Officer in writing of any material change which may occur in respect of such information.

A fixed asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. A fixed asset shall remain in the fixed assets register for as long as it is in physical existence.

7.3 Classification of Assets

In compliance with the requirements of the National Treasury, the Chief Financial Officer shall ensure that all assets are classified under the following headings in the Fixed Assets Register, and Heads of Departments shall in writing provide the Chief Financial Officer with such information or assistance as is required to compile a proper classification:-

7.3.1 Property, Plant and Equipment

- Land (not held as investment assets).
- Infrastructure assets (assets which are part of a network of similar assets).
- Community assets (assets contributing to the general well-being of the community).
- Heritage assets (culturally significant assets).
- Other assets (ordinary operational assets).
- Housing (rental stock or housing stock not held for capital gain).

Save for land and buildings other assets shall be classified under the following headings:

- Bins and Containers;
- Emergency Equipment;
- Disaster Management Equipment;
- Fire Engines;
- Plant and Equipment;
- Computer equipment;
- Office equipment;
- Furniture and fittings; and

- **Motor Vehicles.**

7.3.2 Investment Property

Investment assets (resources held for capital or operational gain and which are not used by the Municipality). Properties occupied by the Municipality, Councilors or officials are classified as owner-occupied property and are therefore not classed as investment property unless it is leased out on the same conditions that is applicable to the general public.

Investment properties will be treated in accordance with GRAP 16 and will separately be classified in the Statement of Financial Position. Investment properties will not be depreciated but will annually be revalued.

7.3.3 Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance.

Intangible assets will be treated in accordance with GRAP 102 and will separately be classified in the Statement of Financial Position. Intangible assets shall be valued at cost less any accumulated amortization and any impairment losses.

7.3.4 Agricultural Assets

Agricultural Assets will be treated in accordance with GRAP 101 and will separately be classified in the Statement of Financial Position

7.3.5 Assets Treated as Inventory

Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the municipality's statement of position.

Such inventories shall, however, be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

The Chief Financial Officer shall use the classifications indicated in the Annexure on estimated lives of assets, as a guideline and in the case of an item of assets not appearing in the Annexure shall use the classification applicable to the asset most closely comparable in the Annexure.

7.4 Recognition of Assets

7.4.1 Recognition of Heritage Assets

If no original costs or fair values are available in the case of one or more or all heritage assets, the Chief Financial Officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned.

For Statement of Financial Position purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

7.4.2 Recognition of Donated Assets

Where a fixed asset is donated to the municipality, or a fixed asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the fixed asset register at its fair value, as determined by the Chief Financial Officer in reference to the relevant generally accepted accounting practice.

7.5 Capitalisation Criteria

7.5.1 Material Value

PPE and Intangible Assets

All assets may only be acquired in terms of council's Supply Chain Management Policy and in terms of the budgetary provisions. The responsibility for the purchase of assets would be delegated in terms of council's Delegation Framework and Supply Chain Management Policy. Depending on the cost of the asset to be purchased the following procedure for purchasing an asset must be followed:

- Senior managers shall at all times ensure that there are enough funds in their departmental budgets before requesting approval to any requisition to purchase an asset;
- Senior managers shall ensure that the correct vote and expenditure line item are used and recorded on the requisition requesting approval to purchase an asset;
- Tenders or quotations as required in terms of council's Supply Chain Management policy should be obtained and where required submitted to council's tender committee for approval;
- The tender committee resolution of the approved tender or recommended quotation should be attached to the requisition signed by the relevant head of department;
- The order would then be generated by the Budget and Treasury department;
- Once delivered the asset must be labeled / bar-coded by the Budget and Treasury department before such asset is put into use;
- The senior manager must indicate what the expected useful life of the asset will be;
- The senior manager should endorse receipt of the asset on the invoice and forward it for payment to the Budget and Treasury department; and
- The Budget and Treasury department would then generate payment.

The completion of any immovable asset by or under control of every head of department should promptly be declared to the Chief Financial Officer in writing stating the full details required for recording in the assets register.

All PPE and intangible assets shall be carried in the asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation or amortisation in the case of intangible assets.

The original cost of an item of PPE or intangible assets may include:

- Cost price;
- Financing costs (MFMA section 46(4));
- Import tax;
- Non-claimable purchase tax; and
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When payment for an item of PPE or intangible assets is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When an item of PPE is acquired to be exchanged or partly exchanged for a dissimilar item of PPE or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

The only exceptions to this rule shall be revalued items of PPE (see part 7.9 below) and heritage assets in respect of which no depreciation is recorded in the fixed asset register.

Subsequent expenditure

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the municipality.

Investment Property

An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement. The cost of purchased investment property includes all directly attributable expenditure (professional fees for legal services, property transfer taxes and other transaction costs).

When payment for an investment property is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When investment property is acquired to be exchanged or partly exchanged for a dissimilar investment property or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the municipality.

In terms of GRAP 16 transfers to and from investment property shall be made when there is a change in use:

- a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- b) Commencement of development with a view to sale, for a transfer from investment property to inventories;
- c) End of owner-occupation, for a transfer from owner-occupied property to investment property; or
- d) Commencement of an operating lease to another party, for a transfer from inventories to investment property.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Reinstatement, Maintenance and Other Expenses

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset

concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses, which are reasonably ancillary to the bringing into operation of a fixed asset, may be capitalised as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, installation, assembly and communication costs.

7.5.2 Intangible Items

Assets that meet the criteria of GRAP 102 (Intangible Assets) shall be recognized as Intangible Assets at cost.

7.5.3 Depreciation of PPE and Investment Property

All PPE and Investment Property, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which PPE and Investment Property are used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall generally take the form of an expense both calculated and debited on an annual basis against the appropriate line item in the department or vote in which the item of PPE and Investment Property is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which an item of PPE and Investment Property are acquired or – in the case of construction works and plant and machinery – the day following the day in which the item is brought into use, until the end of the year concerned. Thereafter, depreciation charges shall be calculated annually.

Each Head of Department, acting in consultation with the Chief Financial Officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable PPE and Investment Property controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

7.5.4 Rate of Depreciation and Amortisation

The relevant head of department shall assign a useful operating life to each depreciable item of PPE and Investment Property recorded on the Municipality's asset register. In determining such a useful life the relevant head of department shall use to the useful lives set out in the annexure to this document and relevant historical experience as a guideline.

In the case of an item of PPE or Investment Property which is not listed in this annexure, the relevant head of department in consultation with the Chief Financial Officer shall determine a useful operating life, and shall be guided in determining such useful life by the likely pattern in which the item's economic benefits or service potential will be consumed.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

7.5.5 Method of Depreciation

The Chief Financial Officer shall allocate the depreciable amount of all depreciable PPE and intangible on a systematic basis over its useful life.

The residual value and useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

7.6 Amendment of Asset Lives and Diminution in the Value of PPE

A printout of the asset register indicating the current remaining useful lives of all assets allocated to a department will be distributed by the Chief Financial Officer to all Heads of Department annually. All Heads of Department must review the remaining useful lives of the assets under their control. Any changes in useful lives must be communicated to the Chief Financial Officer in order for the Finance Department to make the required changes to the Fixed Asset Register. All changes will be treated as Changes in Accounting Estimates in terms of GRAP 3 in the annual financial statements.

The Heads of Department shall request the Chief Financial Officer to amend the useful operating life assigned to any item of PPE if it becomes known that such item has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the item's economic benefits or service potential will be consumed.

If the value of an item of PPE, Investment Property or intangible assets has been diminished to such an extent that it has no or a negligible further useful operating life or value such item shall be fully depreciated or eradicated in the financial year in which such diminution in value occurs.

Similarly, if an item of PPE and Investment Property has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the item has physically ceased to exist, it shall be written off in the fixed asset register.

In all of the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the item of PPE, Investment Property or intangible asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable item of PPE or Investment Property, and such item has been capitalised at a value other than a purely nominal value, such item shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable item of PPE, and the department or vote controlling or using the item in question shall bear the full depreciation expenses concerned.

Additional depreciation not budgeted for as a result of unforeseeable or unavoidable circumstances must be provided for in an adjustments budget and, if such circumstances arises close to the end of the financial year and there will not be time for Council to consider the adjustments before the end of the financial year, may in advance be approved by the Mayor in terms of Section 29 of the MFMA, provided that any other provisions of the MFMA be complied with.

7.7 Funding of PPE and Reserves

The purchase of assets may be funded from the raising of external loans, leases, government- and public contributions, the Capital Replacement Reserve and surplus cash.

7.8 Other Write-offs of PPE

An item of PPE, shall be written off when it can no longer be used, in consultation with the Head of Department controlling or using the item concerned.

Every Head of Department shall report to the Chief Financial Officer on 31 October and 30 April of each financial year on any item of PPE which such Head of Department wishes to have written off, stating in full the reason for such recommendation.

The Chief Financial Officer shall consolidate all such reports, and shall promptly notify the Council on the PPE to be written off.

The only reasons for writing off PPE, other than the alienation of such item of PPE, shall be the loss, theft, and destruction or material impairment of the PPE in question.

If an item of PPE must be written off as a result of an occurrence out of the control of the municipality, such as malicious damage, theft or destruction, the municipal manager must determine whether a third party or an employee was involved in the loss and take all reasonable steps to recover such loss, including reporting the incident to the South African Police Services and the Auditor General, the insurance as well as institute disciplinary steps against any employee who might have been involved in such incident.

In every instance where a not fully depreciated item of PPE is written off, the Chief Financial Officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the item concerned.

7.9 Management and Operation of Assets

7.9.1 Accountability to manage assets

Each Senior Manager is accountable to ensure that Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently. This will include:-

- Developing appropriate management systems, procedures, processes and controls for managing assets;
- Providing accurate, reliable and up to date account of assets under their control; and
- The development and motivation of relevant strategic asset management plans and operational budgets that optimally achieve the Municipality's strategic objectives.

7.9.2 Contents of a strategic management plan

Senior Managers need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost. To achieve this, the Senior Manager will need to develop strategic asset management plans that cover:-

- Alignment with the Integrated Development Plan;
- Operational guidelines;
- Performance monitoring;
- Maintenance programs;
- Renewal, refurbishment and replacement plans;
- Disposal and Rehabilitation plans;
- Operational, financial and capital support requirements, and
- Risk mitigation plans including insurance strategies

The operational budgets are the short to medium term plan for implementing this strategic asset management plan.

7.9.3 Reporting on Emerging Issues

Each Functional Manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

7.9.4 Verification of Assets

The Municipality shall at least once during every financial year undertake on a date as determined by the CFO a comprehensive verification of all moveable assets controlled or used by all the departments of the Municipality.

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, in the format determined by the Chief Financial Officer, all relevant results of such verification, provided that each such item of asset verification shall be undertaken and completed during April of each financial year, and that the resultant report shall be submitted to the Chief Financial Officer not later than 31 May of the year in question.

7.9.5 Movement of Assets

Movement of moveable assets to be undertaken as per Standard operating procedures in annexure A.

7.10 Alienation of Assets

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy and the Municipal Asset Transfer Regulations

Every head of department shall report in writing to the Chief Financial Officer on 30 April of each financial year on all fixed assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender.

The Chief Financial Officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the council or the municipal manager of the municipality, as the case may be, recommending the process of alienation to be adopted.

The council shall delegate to the municipal manager the authority to approve the alienation of any moveable asset with a carrying value less than R50 000 (fifty thousand rand). The council shall ensure that the alienation of any asset with a carrying value equal to or in

excess of R50 000 (fifty thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004..

In terms of Section 14 of the Municipal Finance Management Act, 2004 the Municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of assets needed to provide the minimum level of basic municipal services.

The Municipality may transfer ownership or otherwise dispose of assets other than one contemplated above, but only after the Council, in a meeting open to the public:-

- has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- has considered the fair market value of the item and the economic and community value to be received in exchange for the asset.

The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be subsequently reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

Once the fixed assets are alienated, the Chief Financial Officer shall treat the disposal of the items in terms of GRAP and amend the relevant records of the fixed asset register. If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the Statement of Financial Performance of the department or vote concerned.

If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the Statement of Financial Performance of the department or vote concerned.

Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the Municipal Asset Transfer Regulations.

7.11 Maintenance

7.11.1 Maintenance Plans

Every Head of Department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Council for approval.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The Head of Department controlling or using the infrastructure asset in question, shall annually report to the Council, not later than in July or the earliest Council meeting thereafter, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the item concerned.

7.5.6 Deferred Maintenance

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset, the Chief Financial Officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the annual financial statements. Such note shall also indicate any plans which the Council has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the Chief Financial Officer shall redetermine the useful operating life of the fixed asset in question, if necessary in consultation with the Head of Department controlling or using such item, and shall recalculate the increased annual depreciation expenses accordingly.

7.5.7 General Maintenance of Assets

Every Head of Department shall be directly responsible for ensuring that all assets (other than infrastructure assets which are dealt with in part 7.13.1 and part 7.13.2 above) are properly maintained and in a manner which will ensure that such item attain their useful operating lives.

7.6 Replacement Strategy

The Municipal Manager, in consultation with the Chief Financial Officer and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets. Such norms and standards shall be incorporated in a formal strategy, which shall be submitted to the Council for approval. This strategy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items.

Such strategy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.

7.7 Insurance of Assets

The municipal manager or heads of departments to whom the responsibility of the assets have been delegated shall ensure that all movable assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils. The municipal manager and heads of department will annually revise council insurance portfolio to ensure that all assets are adequately insured. The services of an insurance broker would be required in terms of council's Supply Chain Management policy.

Any theft, loss or damage to an asset should immediately be reported to council's insurance brokers by the relevant head of department under whose responsibility the asset falls. A copy of the insurance claim submitted should be forwarded to the Chief Financial Officer who must record such claim in the insurance register. It is the responsibility of the relevant head of department to ensure that all documents / information for the completion of the claim is forwarded to council's insurance brokers and that copies thereof is forwarded to the Chief Financial Officer. The head of department should in writing request the replacement of the asset which can only be

authorized, if sufficient provision for the replacement of the asset is on the capital budget, by the Municipal Manager after consultation with the Chief Financial Officer. If sufficient provision is not on the capital budget the asset can only be replaced if provision for the replacement is made on an Adjustments budget. In the case where an asset must be replaced as an emergency measure, the Mayor may authorise such expenditure, subject to compliance with Section 29 of the MFMA.

Third-party (insurance) pay-outs must be treated as revenue when the amount is certain and may not be offset against the cost of replacing the item. The carrying value of items lost, stolen or damaged beyond repair must be treated as impairment against the relevant department or vote. The full cost of the replacement item must then be capitalised.

The municipal manager shall recommend to the council of the municipality, after consulting with the Chief Financial Officer, the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

The Chief Financial Officer shall annually submit a report to the council of the municipality on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

7.8 Impairment of Assets

The accounting treatment relating to impairment losses is outlined in GRAP 21 and GRAP 26.

7.8.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

7.8.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used

condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or

amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

The following steps will have to be performed regularly during the year to account for impairment losses:

- Departments will identify and inform the Chief Financial Officer of assets that:
 - Are in a state of damage at year end.
 - Are technologically obsolete at year end. .
 - Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.
 - Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts.
- The recoverable amounts of these assets need to be determined by calculating the net selling price per asset and value-in-use as defined above.

8. ACQUISITION OF ASSETS

8.1 Pre-acquisition Planning

Before a capital project is included in the budget for approval, the Chief Financial Officer must demonstrate that he/she has considered the following:

- The projected cost over all the financial years until the project is operational;
- The future operational costs and revenue on the project, including the tax and tariff implications;
- The financial sustainability of the project over its life including revenue generation and subsidisation requirements;
- The physical and financial stewardship of that asset through all stages of its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;
- The inclusion of the capital project in the Integrated Development Plan and future budgets; and
- Alternatives to the capital purchase.

The heads of department are accountable to ensure that the Chief Financial Officer receives all reasonable assistance, guidance and explanation to enable him to achieve his planning requirements.

8.2 Approval to Acquire Property, Plant and Equipment

Money can only be spent on a project if:

- The money has been appropriated in an approved budget;
- The project, including the total cost has been approved by the Council;
- The Chief Financial Officer confirms that funding is available for that specific project; and
- Any contract that will impose financial obligations beyond two years after the budget year is appropriately disclosed.

8.3 Funding of Capital Projects

Within the Municipality's on-going financial, legislative or administrative capacity, the Chief Financial Officer must establish and maintain the funding strategies that optimise the municipality's ability to achieve its strategic objectives as stated in the Integrated Development Plan. The acquisition of assets may not be funded over a period longer than the useful life of that asset.

9. PURCHASE OR HIRE OF IMMOVABLE PROPERTY

The municipality may acquire by purchase, or by hire, immovable property within- or outside the municipal boundary provided it complies with the requirements of the MFMA and the Supply Chain Management policy and subject to the following:

- The cost of the purchase or hire had been budgeted for; and
- The intention to buy or hire the immovable property had been advertised for public comment.
- After consideration of any public comments/objections the Council will:-
 - In the case of the following paragraph complies with the requirements of that paragraph; and
 - In the case of all other immovable property, finally resolve to continue with the purchase or hire and apply the supply chain management processes
- The Council will not continue with the purchase or hire of any immovable property where:

- o The price is in excess of the market value thereof as assessed by an appraiser;
or
- o The rental which, when calculated per annum in the case of:
 - Immovable property hired for agricultural purposes, exceeds six percent;
and
 - Immovable property hired for any other purpose, exceed twelve percent of
the market value of the property, as assessed by an appraiser.

The Council may accept a gift or conveyance of immovable property either for the municipality or in trust for charitable or other public purposes not connected with public worship, and hold the same in such trust or for such purpose as may be declared by such donors and may administer, utilize and improve such property.

The trustees of any immovable property held in trust for any township village or settlement which has become a municipality or part of a municipality may transfer such property to the Council, subject to any special trusts in their deeds of title and upon conditions not at variance therewith.

10. IMPLEMENTATION OF THIS POLICY

This policy to be implemented as approved by Council Decision DC254/05/10, 28 May 2010.
All future asset management must be done in accordance with this policy.

This policy must be reviewed annually by the Accounting Officer and the CFO for any legislative or General Accounting Practise changes in consideration with audit recommendations for the Auditor General.

11. APPENDIX A

SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	7 - 32	Buildings	5 - 32
		Other vehicles	2 - 34
<u>Community</u>		Office equipment	3 - 32
Buildings	7 - 32	Furniture and fittings	1 - 33
Recreational Facilities	32	Bine and containers	8 - 32
Parks and gardens	22	Specialised plant and	
Investment Property - Buildings	29 - 32	Equipment	2 - 32
		Fire Engines	3 - 34
		Emergency equipment	6 - 22
		Computer equipment	1 - 32
		Computer Software	2 - 18

Annexure A : Movement of Moveable Assets

- Do not move assets without having completed an asset transfer form (Annexure B), signed off by the Executive Manager of the department; the form to be submitted to Asset Management Unit (Finance) within 3 workings asset of being.
- Keep assets issued to you personally (laptops, camera's, etc.) safely and in good working condition. Assets will not be readily replaced and that could hamper your work performance. If there is any assets not in good working condition please inform asset management for them to be repaired as this this will affect the value of our assets in our books if it is not in good working condition during asset verification or audit process.
- Ensure that assets in your possession are barcoded if not inform asset management (Finance) to have the item barcoded.
- If there are any concerns regarding missing assets that might have been moved without following the correct process of filling in the Assets transfer from, please raise the matter immediately with asset management unit for the item to either be moved back to your office or the process be ratified (Asset Register – Location of Asset, filling in of asset transfer form)
- If you are aware of stolen assets or missing assets that have not been located please inform asset management unit to allow the due process regarding assets to be ensued, otherwise failure to do will result in the official to whom the asset was entrusted as personally liable for the recovery cost of the asset
- Every room should have an asset list mounted at the back each door listing all assets in that room. If you become aware that a room /office does not have one, please inform asset unit immediately.
- Asset list to be reviewed very month by the allocated user/occupant of the office or room, to ensure that all assets in the office exist, they are complete and in good working condition. (Ensure that they still have their Bar Codes)
- Any missing assets on the list but not in the office/room to be reported to asset unit immediately.
- Any unidentified asset in the room but not listed in the room asset list to be reported to the asset unit. (Asset Unit will remove the asset and place it in the allocated location as per asset register)

Matters of Emphasis

1. All transfer of asset forms completed to be signed off by the relevant head of department with the approval of the designated official and sent to Asset unit (Ext. 1325 or 1303).
2. Should there be any discrepancies between the Asset register and the assets in your custody and no formal documentation indicating their movement, report the matter to asset unit immediately.

12. APPENDIX B: ASSET TRANSFER FORM**Application for Asset Transfer**

Asset No	From Location	To Location

Requested	Authorised By	Date

Received By	Date

ANNEXURE J

SCM POLICY



EDM'S SUPPLY CHAIN MANAGEMENT POLICY

Adopted by Council: 27/05/16 COUNCIL RESOLUTION DC 1054/05/16

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**Date of adoption: [27/05/16]**

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the municipality.

TABLE OF CONTENTS

1. Definitions	7
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CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy	9
3. Adoption & Amendment of supply chain management policy	10
4. Delegation of supply chain management powers and duties	11
5. Sub-delegations	12
6. Oversight role of council	14
7. Supply chain management units	15
8. Training of supply chain management officials	15

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system	16
<i>Part 1: Demand management</i>	
10. Demand management system	16
<i>Part 2: Acquisition management</i>	
11. Acquisition management system	18
12. Range of procurement processes	19
13. General preconditions for consideration of written quotations or bids	20
14. Lists of accredited prospective providers	22
15. Petty cash purchase	23
16. Written or verbal quotations	24
17. Formal written price quotations	24
18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations	25
19. Competitive bidding process	26

20.	Process for competitive bidding	27
21.	Bid documentation for competitive bids	27
22.	Public invitation for competitive bids	29
23.	Procedure for handling, opening and recording of bids	30
24.	Negotiations with preferred bidders	31
25.	Two-stage bidding process	31
26.	Committee system for competitive bids	32
27.	Bid specification committees	32
28.	Bid evaluation committees	34
29.	Bid adjudication committees	35
30.	Asset Disposal committee	37
31.	Procurement of banking services	37
32.	Procurement of IT related goods or services	38
33.	Procurement of goods and services under contracts secured by other organs of state	38
34.	Procurement of goods necessitating special safety arrangements	39
35.	Proudly SA Campaign	39
36.	Appointment of consultants	40
37.	Deviation from and ratification of minor breaches of, Procurement processes	41
38.	Transversal Bids	42
39.	Unsolicited bids	43
40.	Combating of abuse of supply chain management system	45
40B.	Contract management	47

Part 3: Logistics, Disposal, Risk and Performance Management

41.	Logistics management	49
42.	Disposal management	52
43.	Risk management	53

44.	Performance management	53
Part 4: Other matters		
45.	Prohibition on awards to persons whose tax matters are not in order	54
46.	Prohibition on awards to persons in the service of the state	55
47.	Awards to close family members of persons in the service of the state	55
48.	Ethical standards	55
49.	Inducements, rewards, gifts and favours	56
50.	Sponsorships	56
51.	Objections and complaints	57
52.	Resolution of disputes, objections, complaints and queries	57
53.	Contracts providing for compensation based on turnover	58
54.	The Construction Industry Development Board (CIDB) has been established by Government to promote uniform application of policy to the construction industry	58
55.	Commencement	59

Annexure A: Supply Chain Management Processes

Annexure B: Municipal Code of Conduct for Supply Chain Management Officials and other role players within Supply Chain Management process

Annexure C: Standard for Infrastructure Procurement and Delivery Management

Definitions

1. In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and -

"Central Supplier Database (CSD: means National Treasury's web based Vendor Management Database established as per MFMA circular No. 81, Municipal Finance Management Act No. 53 of 2003. www.csd.gov.za effective as 01 July 2003

"competitive bidding process" means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

"competitive bid" means a bid in terms of a competitive bidding process;

"emergency" means is a serious, unexpected, unforeseen and potentially dangerous and damaging situation requiring immediate action and which is not due to lack of planning, if left unattended will cause a serious health/life threatening risk or adverse financial ramifications.

"e-Tender publication portal" means National Treasury's central web based publication platform to ensure goods, services and works are procured in a manner that is fair, equitable, transparent, competitive and cost effective by advertising centrally as an invitation to prospective bidders to submit bids. www.etenders.gov.za

"final award", in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

"formal written price quotation" means quotations referred to in paragraph 12

(1) (c) of this Policy;

"in the service of the state" means to be -

- (a) a member of -
 - (i) any municipal council;
 - (ii) any provincial legislature; or

- (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) an executive member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

"contract of long term nature" means a contract with a duration period exceeding the three year MTREF period as per section 33 of the MFMA;

"list of accredited prospective providers" means the list of accredited prospective providers which the municipality must keep in terms of paragraph 14 of this policy; or Central Supplier Database

"Other applicable legislation" means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

"PPPFA" means the preferential Procurement policy framework Act, no 5 of 2000

"Manager reporting directly to the Accounting Officer" means a manager in the employment of the Eden District

Municipality who heads a department and reports to the Municipal Manager

"Treasury guidelines" means any guidelines on supply chain management issued by the Minister in terms of section 166 of the Act;

"the Act" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

"the Regulations" means the Local Government Municipal Finance Management Act, 2003; Municipal Supply Chain Management Regulations published by Government Notice 888 of 2005;

"written or verbal quotations" means quotations referred to in paragraph 12(1) (b) of this Policy.

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

2.

1. All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –

- (a) gives effect to –
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
- (b) is fair, equitable, transparent, competitive and cost effective;
- (c) complies with –
 - (i) the Regulatory framework prescribed in chapter 2 of the regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- (d) is consistent with other applicable legislation:
 - (i) The Preferential Procurement Policy Framework Act
 - (ii) The Broad Based Black Economic Empowerment Act
 - (iii) The Construction Industry Development Board Act
 - (iv) The Local Government Municipal Systems Act
 - (v) The Promotion of Administrative Justice Act
 - (vi) The Promotion of Access to Information Act
- (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (g) assigns the responsibility for the implementation of policy to the Accounting Officer of the Municipality.

2. The Municipality may not act otherwise than in accordance with the supply chain management policy when –

- a) Procuring goods or services
- b) Disposing of goods no longer needed or which have become redundant

- c) Disposing or letting of fixed assets, including land needed have proven commercial value no longer required for basic municipal service
- d) Selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
- e) Selecting external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act

3. This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
- (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

Adoption and amendment of the supply chain management policy

3.

(1) The accounting officer must

- a) at least annually review the implementation of this Policy; and
 - (i) review compliance to norms and standards
 - (ii) cost efficiency of the supply chain management process
- b) when the accounting officer considers it necessary submit proposals for the amendment of this Policy to the council.

(2) If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –

- (i) ensure that such proposed amendments comply with the Regulations; and
- (ii) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

(3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly

to promote accessibility of supply chain management systems for small businesses must be taken into account.

(4) The desired outcome of the policy is to provide mechanism to ensure sound, sustainable and accountable Supply Chain Management with the Eden District Municipality while promoting the following LED objectives:

- to stimulate and promote local economic development in a targeted and focused manner as per Local Economic Strategy and Local Economic Policy;
- to promote resource efficiency and reduce the negative environmental impact of daily operations of the Eden District;
- to facilitate creation of employment and business opportunities for the people of the Eden District with particular reference to Preferential Procurement Policy Framework Act, 2000, Preferential Procurement Regulations and setting specific B-BBEE rating targets for all procurement above a range as determined by council over a period of the contract.
- to promote the competitiveness of regional businesses within approved LED policy in line with relevant framework;

Delegation of supply chain management powers and duties

4.

1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer -

- i. (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of -
 1. Chapter 8 or 10 of the Act; and
 2. this Policy;
- ii. (b) to maximise administrative and operational efficiency in the implementation of this Policy;
- iii. (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
- iv. (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties

delegated to an accounting officer in terms of subparagraph (1).

- 3) The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of municipality or to a committee which is not exclusively composed of officials of the municipality.
- 4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

Sub delegations

5.

- (1) The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award -

- a. above R 10 million (VAT included) may not be sub delegated by the accounting officer;
- b. above R 2 million (VAT included), but not exceeding R 10 Million (VAT included), may be sub-delegated but only to –
 - (i) the chief financial officer;
 - (ii) a Head of Department; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
- c. not exceeding R 2 million (VAT Included) may be sub-delegate but only to –
 - (i) the chief financial officer;
 - (ii) a Manager directly accountable to Accounting Officer
 - (iii) a manager directly accountable to the Chief Financial Officer or a Senior

Manager, or
 (iv) a bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph 5(2) must within five days of the end of each month submit to the accounting officer a written report containing particulars of each final award made by such official or committee during that month, including-

- i. the amount of the award;
- ii. the name of the person to whom the award was made; and
- iii. the reason why the award was made to that person.

(4) A written report referred to in subparagraph 5(3) must be submitted –

(a) to the accounting officer, in the case of an award by -

- i. the chief financial officer;
- ii. a senior manager; or
- iii. a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

(b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by -

- (i) a manager referred to in subparagraph (2)(c)(iii); or
- (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.

(5) Subparagraphs 5(3) and 5(4) of this policy do not apply to procurements out of petty cash.

(6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of council

6.
 1. The council reserves its right to maintain oversight over the implementation of this Policy
 2. For the purposes of such oversight the accounting officer must –
 - i. within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or share control of the municipality, to the council of the municipality; and
 - ii. whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.
 3. The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor
 4. The reports must be made public in accordance with section 21A of the Municipal Systems Act.
 5. Section 117 of the MFMA prohibits a municipal councillor from being a member of a bid committee or attend any other committee evaluating or approving quotations or bids nor may a Municipal Councillor attend any such meeting as an observer.
 6. In order to create an environment where business can be conducted with integrity and in a fair and reasonable manner, this Policy will strive to ensure that the Municipal Manager and all representatives of Eden District Municipality involved in supply chain activities shall act with integrity and in accordance with the highest ethical standards
 7. All supply chain management representatives shall adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act, and this Policy's Code of Ethical Standards

Supply chain management unit

7.
 - 1) A supply chain management unit is hereby established to implement this Policy.
 - 2) The supply chain management unit operates under the direct supervision of the

chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

- 3) The supply chain management unit shall operate as a centralised supply chain management function to administer and co-ordinate all the Supply Chain Management activities and functions of the municipality as described in this Policy unless a function or activity is specifically excluded by the accounting officer from the unit's term of reference
- 4) All Eden District officials shall act with integrity and adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act

Training of supply chain management officials

8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training. The Skills development Officer (HR) to facilitate the necessary training for the SCM officials to achieve the Minimum Competency Levels as required. Work based skills plan facilitated by Human Resources to form the basis for training of SCM officials.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

9.

This Policy provides systems for -

- (i) demand management;
- (ii) acquisition management
- (iii) logistics management
- (iv) disposal management
- (v) risk management
- (vi) performance management

Part 1: Demand management

Demand Management System

10.

- 1) The accounting officer must establish, through operational procedures, and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals as outlined in the Integrated Development Plan.
- 2) The Municipality's Integrated Development Plan (IDP) is a comprehensive strategic document setting out how the Municipality intends to tackle its development challenges in a financial year. It is on the basis of the IDP that the resources of the municipality will be allocated and on which the budget is based.
- 3) The demand management system to ensure that each Head of the Department has a yearly plan that will include the following:
 - (a) include timely planning and management processes to ensure that all goods and services required by the municipality / respective departments are quantified and budgeted for. Timely and effectively planning is executed to ensure they are delivered at the right

location, at the critical delivery date, and are of the appropriate quality and quantity at a fair cost; *(All Executive / Senior Managers to oversee the Yearly Planning for their respective departments)*

- (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; -
- (c) provide for the compilation of the required specifications to ensure that its needs are met.
- (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
- (e) In dealing with suppliers and potential suppliers, the Municipality shall respond promptly, courteously and efficiently to enquiries, suggestions and complaints.

(4) Major Activities

- (a) Demand management to be executed following approval and adoption by council of the Integrated Development Plan (IDP) and the Budget or Adjustment budget.
 - (i) Establishing requirements
 - (ii) Determining the needs
 - (iii) Deciding on appropriate procurement strategy
- (b) All procurement to be directly linked to the Demand Management Plan that will entail all envisaged planning for financial year ahead.
- (c) Demand Management Plan of the respective departments to be reviewed by the Accounting Officer or Delegated Official and submitted to Supply Chain Management Unit for planning and execution.
- (d) All deviations to be interrogated by the Accounting Officer against the Demand Management Plan and the Accounting officer to oversee the appropriate remedial steps to be implemented by the relevant executive / senior managers to prevent poor or lack of planning by departments

(5) Demand Management Plan to entail the following:

- a) establishing requirements and needs for the year ahead
- b) deciding on appropriate procurement strategies, use of quotations or bidding
- c) understanding the future needs;
- d) identifying critical delivery dates;
- e) identifying the frequency of the need;
- f) linking the requirement to the budget;

- g) conducting expenditure analyses based on past expenditure;
- h) determining requirements (including the internal capacity to implement);
- i) conducting commodity analyses in order to check for alternatives; and
- j) conducting industry analyses to establish market prices and strategic industry role players

Part 2: Acquisition management

Acquisition management System

11. (1) The Objective of the System of Acquisition Management is to ensure –

- a) that goods and services are procured by the municipality in accordance with authorised processes only;
- b) That expenditure on goods and services is incurred in terms of an *approved budget in terms of section 15 of the Act*;
- c) that the threshold values for the different procurement processes are complied with;
- d) That bid documentation, evaluation and adjudication criteria, and general conditions of contract are in accordance with any applicable legislation including PPPFA, and any condition of the CIDBA; and
- e) That any Treasury guidelines / circulars on acquisition management are properly taken into account during the review of the SCM Policy.

(2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -

- a) the kind of goods or services; and
- b) the name of the supplier.

Range of procurement processes

12. (1) Goods and services may only be procured by way of –

- a) petty cash purchases, up to a transaction value of R250 (VAT included);
- b) written quotations for procurements of a transaction value over R250 up to R30 000 (VAT included);
- c) informal tender for price quotations for procurements of a transaction value over R 30 000 up to R200 000 (VAT included); and
- d) formal tender process, for competitive bidding process for-

(i) procurement above a transaction value of R 200 000 (VAT included); and

(ii) the procurement of long term contracts.

- I. *Detail of procurement process is as per Annexure A, Supply Chain Management Process. The Municipality subscribes to the Preferential Procurement Policy framework Act No. 5 of 2000 as commenced on 03 February, 2000 & Amended Preferential procurement Regulations, 2017, came into effect 01 April 2017, and all its provisions. (Assessment of bids and Point allocation for BBBEE to be allotted as per provisions of the act for services providers that have submitted valid BBBEE certificates.)*
- II. *The Tender Documents have been amended and subscribe to the PPPF regulation.*

(2) The accounting officer may, in writing-

- a) lower, but not increase, the different threshold values specified in subparagraph 12(1); or
- b) direct that –

- (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R250;
- (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000; or
- (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

General preconditions for consideration of written quotations or bids

13. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

(a) has furnished that provider's –

- a. full name;
- b. identification number or company or other registration number; and
- c. tax reference number and VAT registration number, if vat vendor;

(b) in the case of transactions exceeding R 30 000, including VAT:

(i) A valid Tax clearance certificate or service provider tax verification details (SARS Pin number for e-filing independent verification) must accompany the bid documents unless the bidder is registered on the accredited Central Supplier Database of National Treasury, www.csd.gov.za or municipality has a valid original tax clearance certificate for the bidder on record already. *(The onus is for the bidder to ensure that their tax matters are in order.)*

(ii) If the bid of the preferred bidder is not supported by a valid TAX Clearance Certificate, either as an attachment to the bid documents or on record in the case of suppliers registered on the Central Supplier Database of the National Treasury, the municipality reserves the right to request the Bidder to supply the municipality with a valid SARS pin for independent verification on SARS e-filing within a prescribed period, failure of which will result in a disqualified bid. *(Within seven days of being notified by Supply Chain Management Office)*

(c) has indicated –

- (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

- (k) If the provider is not a natural person, whether any of its directors, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
- (iii) whether a spouse, child or parent of the provider or of director, manager, shareholder or stakeholder referred to in subparagraph (i) is in the service of the state, or has been in the service of the state in the previous twelve months. (d) The Municipality is aware that not all service providers in the region are registered on the Central Supplier Database of National Treasury, although it's preferable and the intention of Government to limit transactions to registered suppliers on the National Treasury Central Supplier Database, the following is applicable to acquiring goods or services from service providers not registered on the database with regards goods and services below R30 000, the following is applicable:
 - i. Where less than 3 services providers have been identified on the Central Supplier Database, alternative service providers not registered on the database maybe requested for additional quote(s) provided their tax matter are in order and can be independently verified on SARS e-filing. (Such service providers must be encouraged and assisted subsequently to register on the Central Supplier Database)
 - ii. Where quotations provided are not market related, prices quoted are significantly material above market price, an alternative quotation should be requested from an alternative vendor rendering the same goods and services even if not on the system vendor management system, provided their tax matters are in order and can be independently verified on SARS e-filing)
 - iii. A declaration form to be attached to the requisition sent to the service provider not listed on the database requesting declaration of not being in the service of the state.
 - iv. CFO to draft a form to be sent to the service provider bearing the minimum requirements to enable DATA unit to capture the service provider on the system
- (e) Where the chosen vendor to render services or supply goods is in accordance to section 13(d) of the Eden District Municipality's Supply Chain Management System, the following must take place
 - i. Request for direct payment must be given by the Chief Financial Officer before an order is made out to the Service Provider,
 - ii. User department to inform the CFO if the services of the service provider requested is a once off or if similar services or delivery of goods will be required again in the future.

- a) Where services or goods delivered are once off the CFO to provide authorisation for direct payment,
- b) Where it is likely that the similar service or goods requested will be required in the future, then DATA Unit to be approached to engage with the service provider and facilitate the process of the vendor registering on the Central Supplier database
- iii. The user department must inform Data Unit in Finance Department of such a service provider and request that assistance be provided to the service provider to be registered on the Central Supplier Database.

Lists of accredited prospective providers

14. (1) The accounting officer must -

- a) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers on the National Treasury's Central Supplier Database and the updated Municipal Supplier Database
- b) The National Treasury Central Supplier Database is the database which lists the detail of all suppliers who have been registered and vetted in order to do business with the Municipality and Government
- c) Prospective suppliers to be assisted with registering on the National Treasury's Central Supplier Database at any time, www.csd.gov.za
- d) Minimum criteria for prospective suppliers is to be registered and approved on the National Treasury Central Supplier's Database
- e) The Municipal Manager *shall disallow* the registration of any prospective supplier whose name appears on the National Treasury's Database of Restricted Suppliers and/or Register for Tender Defaulters and who is therefore prohibited from doing business with the public sector.
- f) Vendors bidding for Informal/Formal tenders that are not registered on the National Treasury's Central Supplier Database are not precluded from submitting bids, but must however be registered and approved by the time the Bid is evaluated, failing which their bid may be declared non-responsive.

- g) All persons forming part of a Joint Venture or Consortium must be registered as such on the National Treasury's supplier Database and have obtained a joint venture or partnership BB-EEE certificate of the new entity.
- h) Council to review the approved date on which only supplier listed on the National Treasury's approved database will be used. – 31 December 2017

Petty cash purchases

15. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1)(a) of this Policy, are as follows –
 1. a manager may delegate responsibility for petty cash to an official reporting to the manager on the following terms:
 - Only a manager may approve or authorize the petty cash voucher.
 - The authorized petty cash voucher with the slip must be filed and recorded in a petty cash register.
 - The petty cash box must be always locked in a safe when it is not in use.
 - The accountant will verify the petty cash reconciliation every time it is replenished.
 - The manager will make surprise inspections of the petty cash as he/she deems fit, but at least once a month.
 2. each manager may make petty cash purchases not exceeding an amount of R1 000 in each month;
 3. a monthly reconciliation report from each manager must be provided to the chief financial officer, including -
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.
 4. the following types of expenditure may not be made from petty cash: all Labour or salary related expenditure

Written or verbal quotations

16. The conditions for the procurement of goods or services through written or verbal quotations are as follows:

- a) Quotations must be obtained from at least three different providers preferably from National Treasury's Central Supplier Database, but not limited to, providers whose names appear on the list of accredited prospective providers, provided that if quotations are obtained from providers who are not listed, such providers can be requested to provide an SARS e-filing pin for independent verification.
- b) to the extent feasible, providers must be requested to submit such quotations in writing;
- c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or official designated by the accounting officer;
- d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:

- a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality and the National Treasury's central supplier database.
- b) quotations may be obtained from providers who are not listed, provided that such providers are not listed on the national treasury's list prohibited suppliers;
- c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and

d) the accounting officer must record the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph (1)(c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

18. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:

- a. when using the list of accredited prospective providers the accounting officer must promote on-going competition amongst providers by inviting all relevant providers to submit quotations. Rotation basis to be considered where pricing is competitive between bidders otherwise normal SCM process to be followed for an award.
- b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website, an official notice board of the municipality and e-tender publication portal
- c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;
- e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- f) acceptable offers, which are subject to the preference points system (PPPFA and

associated regulations), must be awarded to the bidder who scored the highest points;

g) requirements for proper record keeping must be adhered to, such as:

- I. filing of documents for audit purposes;
- II. ensuring the correctness of documents;
- III. before awards are made, proper review of documents must be undertaken .

Competitive bidding process

19.

Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Verification by the Chief Financial Officer prior to advertisement of bids above R10 million. The following information must be submitted by the executive/senior manager responsible for the vote to the CFO prior to the public advertisement of any bids in excess of R10 million (all applicable Taxes included):

- I. Proof that the budgetary provision exists for procurement of the goods and services and for infrastructure projects;
- II. Any ancillary budgetary implications related to the bid, for example, if the project is for the acquisition of a municipal asset, does budgetary provision exist for the operation of the asset, maintenance cost relating to the asset, administration costs and rehabilitation/renewal costs;
- III. Any Multi-years budgetary implications, for example, if the project will take more than one financial year, the estimated expenditure per financial year
- IV. Goods, service and/or infrastructure projects above the value of R10 million (all applicable taxes included) may only be advertised after the CFO has verified in writing that budgetary provision exists for the commencement of the particular project
- V. Requirements may not be deliberately split into part or items of lesser value merely to avoid the information being submitted

- VI. Contracts above the value of R10 million(all applicable taxes included) may only be awarded to the preferred bidder after Chief Financial Officer has verified in writing that the budgetary provision exists for the acquisition of the goods, infrastructure projects and/or services and that it is consistent with the Integrated Development Plan.
- VII. Requirements of MFMA Circular No. 62 Municipal Finance Management Act No. 56 of 2003 to are applicable with regards to Tenders above R10 million

Process for competitive bidding

- 20. The procedures for the following stages of a competitive bidding process are as follows:
 - (a) Compilation of bidding documentation as detailed in paragraph 21;
 - (b) Public invitation of bids as detailed in paragraph 22;
 - (c) Site meetings or briefing sessions as detailed in paragraph 22;
 - (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
 - (e) Evaluation of bids as detailed in paragraph 28;
 - (f) Award of contracts as detailed in paragraph 29;
 - (g) Administration of contracts
 - (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
 - (h) Proper record keeping
 - (j) Original legal copies of written contracts agreements should be kept in a secure place for reference purposes.

Bid documentation for competitive bids

- 21. The criteria with which bid documentation for a competitive bidding process must comply, must –
 - (a) take into account -
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

- (b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish-
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a Municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
- (f) compel bidders to declare their previous supply chain management practices and state whether or not they:
 - a. have been found guilty by a court of law or a structure established by council or the accounting officer for handling

alleged abuses of the Municipality or the municipal entity's supply chain management system or committed any improper conduct in relation to such a system

- b. have been convicted of fraud or corruption during the past five years
- c. have wilfully neglected, reneged on or failed to comply with any government , municipal or other public sector contract during the past five years
- d. have been listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt activities Act 12 of 2004.

Public invitation for competitive bids

22. (1) The procedure for the invitation of competitive bids, is as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality, e-Tender Publication Portal of National Treasury or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (b) the information contained in a public advertisement, must include -
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality ;and
 - (iii) date, time and venue of any proposed site meetings or briefing sessions.;

- (iv) In accordance with MFMA circular 83, advertisement of bids and the publication of notices in respect of awarded bids, unsuccessful bids, cancelled bids, deviations, variations and extensions of existing contracts of a municipality to be published on the e-Tender publication Portal from date of approval of the policy.
- (v) Notices of cancelled bids must be published on the same day, or at least the day after a municipality decided to cancel a bid on e-Tender Publications Portal.
- (vi) Notices of all awards to suppliers through deviations from competitive bidding, Awards through variations and extensions of existing contracts; must be published on the e-Tender Publications Portal within seven working days after the award was made
- (vii) Bid documentation obtained from the municipality in hard copy to be disbursed at a nominal charge as set in the approved tariff structure of council; alternatively a soft copy may be obtained from the website at no cost.

(2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process. (Reasons must be justifiable and recorded and not seen to favour any one bidder and prejudice competitive bidding)

(3) Bids submitted must be sealed.

(4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

Procedure for handling, opening and recording of bids

23. The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids-

- i. must be opened only in public;
- ii. must be opened at the same time and as soon as possible after the period for the

submission of bids has expired;

- iii. and received after the closing time should not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must –
 - I. record in a register all bids received in time;
 - ii. make the register available for public inspection; and publish the entries in the register and the bid results on the website.
 - iii. Publish names of bidders in respect of advertised competitive bids above thresholds value of R 200 000 (Formal Bids – all applicable taxes included).
 - IV. After the closure of any advertised competitive Bid, Eden DM must publish information in terms of section 75 of the MFMA; on the municipality's website.

Negotiations with preferred bidders

- 24. (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
 - I. does not allow any preferred bidder a second or unfair opportunity;
 - ii. is not to the detriment of any other bidder; and
 - iii. does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

- 25. (1) a two-stage bidding process is allowed for –
 - (a) large, complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed

- technical specifications; or
 - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
 - (3) In the second stage final technical proposals and priced bids should be invited.

Committee systems for competitive bids

26.

- (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
 - (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee.
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with -
 - (a) paragraph 27, 28 and 29 of this Policy; and
 - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

Bid specification committee

27.

- (1) A bid specification committee should only review specifications compiled by the user department only after being signed off by the head of the user department.

- a) Head of the Department should satisfy themselves that all tenders initiated in the department, formal or informal are aligned or included in the Department's Demand management plan and provided for in the approved budget or adjustment budget
- b) Every tender, formal or informal, before being submitted to the Supply Chain Management Unit must have the following:
 - a) User Department to identify the appropriate person(s) to compile the relevant specification
 - b) Ensure that the relevant technical expertise would be available in assessing the Technical requirements
 - c) The Risk officer to be invited to all Bid Specification Committee meeting as part of the risk assessment process. Risk assessment may include the content below or alternative as the risk officer may deem appropriate:
 - a) –
 - I. Legislative/legal requirements – prescripts that govern process and legislative requirements
 - II. Deliverables – pre define the deliverables and parameters, no open ended contracts with specific reference to use of consultants
 - III. Time frames – critical deadlines to be defined, realistic time frames set
 - IV. Municipal resources – funding of the project is provided in the approved budget, either as own resources or alternative funding sources
 - V. Costs – project roll out cost to give a realistic indication of market conditions (basis for assessing value for money)
 - VI. Political Risk – item linked to Integrated Development Plan of the municipality
- (2) Final specifications –
 - (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the

- equipment or material or workmanship should comply;
 - (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
 - (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (3) A bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved if not a member of the Bid Adjudication Committee, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
- (5) It is preferable that the Accounting officer to nominate municipal officials and establish a permanent Bid Specification Committee composed of varying expertise. Specific technical expertise to be co-opted on an ad hoc basis for a specific commodity or goods if needs be

Bid evaluation committee

28. (1) A bid evaluation committee must -
- (a) evaluate bids (formal & informal) in accordance with -
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f);
 - (b) evaluate each bidder's ability to execute the contract;
 - (c) check in respect of the recommended bidder whether municipal rates and

taxes and municipal service charges are not in arrears, and;
 (d) submit to the Bid Adjudication Committee a report and recommendations regarding the award of the bid or any other related matter.

- (2) A bid evaluation committee must as far as possible be composed of-
- (a) officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of the municipality.
 - (c) It is preferable that the Accounting officer to nominate municipal officials and establish a permanent Bid Evaluation Committee composed of varying expertise. Specific technical expertise to be co-opted on an ad hoc basis for a specific commodity or goods if needs be
 - (d) Should a member declare a conflict of interest at any stage, the member may not form part of the Bid Evaluation Committee and if necessary to reach a quorum the member must be replaced by a member of suitable expertise

Bid adjudication committee

29. (1) A bid adjudication committee must -
- (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either -
 - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include -
- (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (b) at least one senior supply chain management practitioner who is an official of the municipality; and

- (c) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid -
- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) notify the accounting officer.
- (b) The accounting officer may -
- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

Should an award be made to a bidder not recommended by the Bid Evaluation Committee on justifiable grounds, the decision must be noted and made available to the Auditor general for audit purposes. The Audit Committee and the Municipal Manager should ensure that such a deviation from the recommendation is defensible in a court of Law.

- (7) The accounting officer must comply with section 114 of the Act within 10 working days.

Asset Disposal committee

30.

- 1) The accounting officer or delegated authority will implement a mechanism to dispose of movable and immovable assets.
- 2) The accounting officer to establish an Asset Disposal Committee / Property Task Team, composed of line managers and on ad hoc basis may co-opt additional members with specific expertise
 - a) Line manager are regarded as asset managers
 - b) The nominated Asset Disposal Committee/ Property Task Team to oversee the asset disposal process of the municipality
- 3) Asset Disposal Committee / Property Task Team to meet as needs be in the financial year and assess any formal requests for Asset Disposals
- 4) Asset disposal dates to be determined by the committee following an assessment of the assets to be disposed
- 5) Detailed records of the committee, for reporting purposes, must be kept of all activities and should consist of at least, but not limited to,
 - a) Disposal verification schedule
 - b) Disposal schedule
- 6) Asset Disposal Committee / Property task team to establish a Disposal Management Standard operating procedure in accordance to the Supply Chain Management policy and aligned to the Asset Management Policy.
- 7) The committee to assess and ensure adequate insurance cover for Council Properties within the risk appetite of council

Specialised Forms of Procurement

Procurement of banking services

31. (1) Subject to section 33 of the MFMA, any contract for banking services –
 - (a) shall be procured through competitive bids;
 - (b) shall be consistent with section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1).
- (4) Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

- 32. (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if -
 - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state (piggy backing)

- 33. (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if -
 - a. the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - b. there is no reason to believe that such contract was not validly procured;
 - c. there are demonstrable discounts or benefits to do so;

- d. that other organ of state and the provider have consented to such procurement in writing.
- e. the initial contract agreement needs to be valid and binding at the time "of piggy backing "; once the contract is terminated there is no longer a contract to "piggy back" from
- f. where a contract is not linked to a period with a particular end date, the contract will terminate once the obligation outlined in the contract are completed or the final object is received and accepted.
- g. any other organ of state wishing to "piggy back" from contracts as mentioned in subsection (1)(f) can only be granted permission while current contract with Eden District Municipality is active. (If contract has lapsed section 32 application may not be granted)

(2) Subparagraphs (1)(c) and (d) do not apply if -

- a. a municipal entity procures goods or services through a contract secured by its parent municipality; or
- b. a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

34.

- 1. the acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- 2. Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly South African Campaign

35. The municipality supports the Proudly SA Campaign to the extent that, all

things being equal, preference is given to procuring local goods and services from:

- a) Preferential procurement framework Policy Act, 2000: Preferential Procurement Regulations, 2017, Regulation 8, Local production and Content and any subsequent circulars relating to designated sectors and local content thresholds
- b) In the absence of designated sector for a particular commodity by the Department of Trade and Industry or National Treasury, Eden District may include as a specific condition of tender, that locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered
- c) Any prequalification criteria in the acquisition of goods or services that seeks to address localisation and empowerment local entities; must be in accordance with an approved Local Economic Development Strategy or Policy of Council that is in line with relevant regulatory framework or statute..

Appointment of consultants

36.

- (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurement is made.
- (2) Consultancy services must be procured through competitive bids if
 - (a) the value of the contract exceeds R 30 000 (VAT included); or
 - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of -
 - a. all consultancy services provided to an organ of state in the last five years; and
 - b. any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.
- (5) Should the Municipality have a Policy with regards to the appointment of

consultants that aligned to Treasury Guidelines, such policy would override this section of the Supply Chain Management Policy.

Deviation from and ratification of minor breaches of, procurement processes

37. (1) the accounting officer may -
 - (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only
 - I. in an emergency and subsequently the department to review their Demand Management Plan and submit to the Accounting officer
 - II. if such goods or services are produced or available from a single provider only;
 - III. for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - IV. acquisition of animals for zoos and/or nature and game reserves; or
 - V. in any other exceptional case where it is impractical or impossible to follow the official procurement processes e.g. any purchase on behalf of the District Municipality at a public auction sale; and
 - (b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs 37(1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.
- (4) In the case of emergencies, the following procedures should be followed:
 - I. Follow the guidelines as per Disaster Management Act or Disaster Management Policy of Eden DM
 - II. Record of incident to be documented on Document Management system, as per

SCM process within 3 working days by the Initiator (user department) with the relevant documents.

(5) Emergency Dispensation – Conditions warranting Emergency dispensation include the existence of one or more of the following

- i. The possibility of human injury or death
- ii. The prevalence of human suffering or deprivation of rights
- iii. The possibility of damage to property, or suffering and death of livestock and animals
- iv. The interruption of essential services, including transportations and communication facilities or support services critical to the effective functioning of the District or the B Municipalities within the District
- v. The possibility of serious damage occurring to the natural environment
- vi. The possibility that the security of the state could be compromised

(7) Single Source selection – Justification for single source selection must be examined in the context of the overall interest of the Eden District Municipality and the project

- i. Single source selection may be appropriate only if it represents a clear advantage over competition for services that represent a natural continuation of previous work carried by the consultant, and continuity of downstream work is considered essential.
- ii. The reasons for single source selection must be fully motivated in a report and approved by the Bid Adjudication Committee prior to conclusion of a contract.
- iii. Detailed specification with defined scope and details of deliverables must be set before work can commence guiding the consultants and providing set the parameters to which they may operate with. No contract may be open ended without addressing a specific needs analysis approved by the Accounting Officer or delegated authority beforehand.

Transversal bids

38.

- 1) Accounting officer or delegated authority to approve initiation (shared services) or participation of transversal bids by Eden District Municipality
- 2) Transversal bids will only be relevant when the municipality wishes to invite a tender/bid itself and other municipalities or wishes to participate in a tender together with other

municipalities or organs of state from the initial phase or it is prescribed through a circular by the National Treasury.

- 3) This form of bidding is different than when participating in a tender invited by another organ of state as referred to in SCM Treasury regulation 32 or section 33 of the Eden District Supply Chain Management Policy
- 4) Chief Financial Officer to arrange and provide advice, assist and guide the transversal procurement process and ensure that technical and governance requirements are met but will not actively participate in either the evaluation or adjudication process
- 5) Arrange implies drawing up a the business case, obtaining formal approval from affected municipalities and the Accounting Officer to proceed, the planning, organising, logistical and bid administration requirements by the custodian Municipality
- 6) Where transversal bids are contemplated, it should result in lower unit cost or economies of scale or other corporate advantage as demonstrated by the required business case.
- 7) Where the custodian municipality other than Eden District Municipality has identified the need for transversal tender, it must ensure that the procurement of goods or services or both is procured in terms of the section 217 of the constitution of the Republic of South Africa and any other relevant legislation and prescripts
- 8) Formal written consent must be obtained by the participating municipalities or other organs of state before the tender process is initiated.
- 9) When Eden District Municipality initiates the transversal tender written consent obtained from the accounting officers of other municipalities or organs of state must mention a review and consensus of needs analysis, specification, risk assessment and, defined desired outcomes
- 10) The Custodian Municipality will take full responsibility for the arrangement and conclusion of the bid process, inclusive of the formalisation of the contracting arrangements noting that each participating municipality, depending on the requirements and the nature of the contract, may have to sign a separate service level agreement with the selected service provider.
- 11) Provision in the agreement amongst participating municipalities or organs of state should make provision for participating entities to second their own official with the relevant expertise to participate, observe or offer advice to the initiating entity.

Unsolicited bids

39.

- 1) in accordance with section 113 of the Act, Eden Council is under no obligation to

consider unsolicited bids received outside a normal bidding process.

- 2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if
 - a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - c) the party or entity that has made the unsolicited bid is the sole provider of the product or service; and
 - d) the reasons for not going through the normal bidding processes are found to be sound and justifiable by the accounting officer subject to relevant consultation.
- 3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act together with –
 - a) reasons as to why the bid should not be open to other competitors;
 - b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- 4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- 5) The adjudication committee may consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, with comments from Provincial and National Treasury
- 6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- 7) When considering the matter, the adjudication committee must take into account-
 - a) any comments submitted by the public; and

- b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- 8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- 9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

40. (1) The accounting officer must-
- a) take all reasonable steps to prevent abuse of the supply chain management system;
 - b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - I. take appropriate steps against such official or other role player; or
 - II. report any alleged criminal conduct to the South African Police Service;
 - c) Check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - d) Reject any bidder if they are listed as non-compliant on the National Treasury's Central Supplier Database
 - e) Reject any bid from a bidder-
 - I. if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - II. who during the last five years has failed to perform satisfactorily on a

previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

- f) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- g) cancel a contract awarded to a person if
 - i. the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - ii. an official or other role player committed any corrupt or fraudulent act during the bidding
- h) reject the bid of any bidder if that bidder or any of its directors –
 - i. has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - ii. has been convicted for fraud or corruption during the past five years;
 - iii. has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - iv. has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(i), (e) or (f) of this policy.

(3) The Municipality takes cognisance of the provisions of Chapter 2 of the Competition Act no. 89 of 1998

- ☐ PART A - Restrictive practices;
- ☐ PART B - Abuse of a Dominant position; and
- ☐ PART C - Exemption from application of chapter 2.

(4) The accounting officer must also provide measures for the invalidation of recommendations or decisions that were unlawfully or improperly made,

taken or influenced, including recommendation or decisions that were made, taken or in any way influenced by:

- I. Councilors in contravention of item 5 or 6 of the Code of Conduct for Councilors in schedule 1 of the Systems Act; or
- II. Municipal officials in contravention of item 4 or 5 of the Code of Conduct for the Municipal Staff member set out in schedule 2 of the Systems Act

(5) The Bid Adjudication and Evaluation Committee to ensure that none of the provisions of the Competition Act no 89 of 1998 has been transgressed during the evaluation and award of the tender.

(6) Accounting Officer or any other delegated personnel of Eden DM, is prohibited from deliberately placing order for goods, service and /or infrastructure projects from suppliers, receiving such goods, services and/or infrastructure projects and arranging with suppliers for such goods, services and/or infrastructure projects to be invoiced and paid for in another financial year

(7) The above prohibition does not apply to multi-year contracts and projects adopted over multi-years in terms of the MFMA sections 19 and 33.

40 (B). CONTRACT MANAGEMENT

(1) All contracts entered into by the municipality in the tender process referred to in paragraph 19 of this Policy must:

- a. Be in writing
- b. Stipulate the terms and conditions of the contract or agreement which must include provisions for providing for:
 - I. The termination of the contract or agreement in the case of non or under performance
 - II. Dispute resolution mechanisms to settle disputes between parties
 - III. A periodic review of contract or agreement
 - IV. Any other matters as maybe prescribed
- c. Include General conditions of contract as prescribed by national treasury
- d. Specify the duration of the contract
- e. Specify the repayments terms in respect of the goods or services supplied
- f. Be monitored by the Directorate of the municipality which requested the goods and services to ensure that all the contracts requirements are met.

(2) Unauthorised or breaches of the contract as in paragraph 40(B) above by the supplier

or service provider must be reported to the Legal Department for initiating appropriate action as well as to the SCM Unit which must record the details of such deviation and breaches.

- (3) Departmental Heads shall be responsible for ensuring that contract managers:
- a. Assigned to all contracts within the department Head's area of responsibility
 - b. Are adequately trained so that they can exercise the necessary formalities in signing up the contract and/or issuing the purchase order(s) are adhered to;
 - c. Ensure that contracts related to the procurement of goods and services are captured on the Municipality's record management system
 - d. Ensure that all original contract documentation is lodged at registrar
 - e. Manage all contract variations and ensure any variations are administered in accordance with any treasury guidelines or relevant statute
 - f. Manage any contract disputes and lodge with the relevant authority and the legal department where disputes could not be resolved
 - g. Ensure suppliers performance review is undertaken against the project deliverables
 - h. Maintain appropriate formal records and correspondence regarding the project and contract for reference point
 - i. Act with care and diligence and observe all accounting and legal requirements
- (4) Management of expansion or variation of order against the original contract. The expansion or variation of contracts against the original contract and prevention of contract manipulation.
- a) Contracts may be expanded or varied by not more than 20% for Construction related goods, services and/ or infrastructure projects.
 - b) Contracts for all other goods and/or services may be varied by not more than 15% of the original value of the contract.
 - c) Any expansion or variation in excess of the above mentioned thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract
 - d) The above is not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of Municipalities and specific term contracts. The latter refers to contracts where required quantities are not specified or are unknown and the award is based on creating a facility.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

41. (1) The accounting officer must establish and implement an effective system of logistics management, which must include -
- a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
 - b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
 - c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
 - d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
 - e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
 - f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
 - g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

General Logistics

(2) Placing Orders

- a) Purchase orders will be created with reference to requisitions where the supply source is either bids or quotations on Eden District Document Management System or financial system.
- b) Purchase order approval will be system based and authorised by the delegated authority (No manual process to be followed unless in exceptional circumstances, financial system is not accessible for unreasonable prolonged

periods without clear indication when the system malfunction would be restored or there is power shortages or there is no power back up in place, however approval in writing to be obtained from the Chief financial officer authorising such process and giving guidance on the ratification process)

- c) All purchases orders will be captured on Eden District's Financial and or Document Management System at stores, and ensure that proper audit trail exist. (no one may issue an order apart from a delegated officials)
- d) In respect of goods and services (with exception of professional services where there are other mechanisms place for accepting a bid), no work shall commence or goods be delivered before an official order has been placed with the vendor
- e) Eden District Municipality shall not be held liable for payment of any goods delivered or services rendered in contravention of clause (40)(2)(d) of the Eden District Municipality

(3) Receiving of Goods

- 1) Goods received note (GRV) will be completed for all goods and services received by the municipality in the following manner:
 - I. Goods delivered or services rendered to be received by the user department that issued the requisition at the location indicated in the requisition and the purchase order unless if it's a store item that should be delivered at the municipality's respective stores.
 - II. The official receiving the goods must inspect and agree the content of service provider's delivery note to Eden District Municipality's official order placed and agree to the following:
 - a) Delivery note to indicate Eden District Official Order number and the official to confirm the order number to be legitimate
 - b) Description of the type of goods on the delivery note, brand, the quantity of goods and the total cost of the goods or service to be agreed to the official order before any acceptance of goods and signing off of any delivery document
 - III. Deliveries where no official orders can be matched to an official order may not be accepted by the municipality, acceptance of such is seen as exposure of Council to Financial Risk

- IV. On matching of the delivery note to the purchase order, the receiving official to inspect the goods or service being delivered against the content of the delivery note and the following to be agreed as faithful representation at hand:
 - a) The description of goods and services being delivered or rendered to the municipality
 - b) The quantity of goods being delivered
 - c) The quality of the goods or service being delivered or rendered to the municipality (damaged goods or goods with past expiry period may not be accepted)
- V. Any discrepancies, shortfalls against the order, damaged goods, incorrect goods or any other discrepancy to be recorded in permanent marking and signed off by both the Municipality's receiving official and the supplier and delivering agent.
- VI. Goods exceeding the quantities ordered or deviating from the description or quality should not be accepted and should be noted and communicated to the supplier formally and communicated to Finance Department (Creditors Unit)
- VII. On acceptance of the Goods or services subsequent to the above mentioned process, an internally generated Good Received Note should be generated recording the goods or services received and their quantity and total cost and signed off.
- VIII. All relevant documentation (original documentation) related to any delivery of goods or receipt of service from external service providers to be sent to Finance Department (Creditors unit immediately)
- IX. Failure to record crucial information and omission of discrepancies that result in the municipality incurring a financial loss will be dealt with in accordance with municipality's disciplinary code of conduct or the equivalent.
- X. Failure to forward all the relevant documentation to creditors department timeously can result in appropriate actions against the responsible official

(4) Stock Logistics

- I. Stock or inventory to be valued as per accounting policy of the Municipality in line with the relevant accounting practise
- II. Input VAT to be claimed upon purchase and output VAT is accounted for at the time of issue according to the accounting policy

- III. Stock items shall be systematically replenished using the re-order point or minimum level as set in the financial system
- IV. Issuing of stock shall be systematically administered through the financial system against internal orders or requisitions that are duly authorised
- V. Stores function is centralised and managed through the 3 stores of the municipality, George, Oudstroom and Riversdale. (Fuel through the stores and fuel depots)

Disposal management

42.

- (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets are as provided in sections 14 and 90 of the Act, and the Municipal Asset Transfer Regulations, 2008.
- (2) Assets may be disposed of by -
 - i. transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - ii. transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - iii. selling the asset; or
 - iv. destroying the asset.
- (3) The accounting officer must ensure that -
 - a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
 - d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
 - e) all fees, charges, rates, tariffs, scales of fees or other charge relating to the letting of immovable property are annually reviewed;
 - f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and

- g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Risk management

43.

- a) Risk Management unit, to be serve as part of the Bid Specification Committee and Bid Evaluation Committee in facilitating and evaluation of risk identified in the procurement of goods and services.
- b) Risk management assessment will guided by the risk assessment process in line with Risk Management guidelines and standards. The process may include the following:
 - i. The identification of risks on a case by case basis
 - ii. The allocation of risks to the party best suited to manage such risks;
 - iii. Acceptance of the cost of the risk where the cost of transferring the risk is higher than that of retaining it
 - iv. The management of risk in a pro-active manner and the provision of adequate cover for the residual risk; and
 - v. The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation
- c) Risk management will duly assess corporate risk and identify mitigating controls

Performance management

- 44. The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

44 (A).

- 1) The official that receives goods or services on behalf of the Council, or manages the contract which was entered into as a result of a competitive bidding process, to ensure that the goods or services have been delivered in accordance with the service level agreement governing the contractual relationship
- 2) In the case of non-performance or unsatisfactory performance by a supplier, the user

department concerned, in consultation with contracts management unit, must issue a notice to the supplier or service provider in writing notifying them of terms contravened and requesting immediate remedial action to comply with the contract terms; failing which:

- a) Legal Services / contracts management unit to be consulted for appropriate action.
- (3) In the case of goods and services supplied in response to a quotation invited by the municipality, the official that initiated the requisition or received the goods or services on behalf of council, should complete a goods received voucher (GRV) and note any discrepancies that may require the attention of the service provider if any.
 - (4) In the case of goods or services procured through a tender process as specified in terms of the policy, paragraph 18(b) and 19, the contract manager or designated person must ensure that goods or services requested have been provided in accordance with service level agreement before the final payment is settled.
 - (5) Final review should consider the following:
 - a) Satisfactory element of the quality and standard of the goods and services received and quality of workmanship.
 - b) Include details, supported by formal written notifications to the supplier regarding non-performance or poor service delivery.
 - c) Include recommendation on any further actions to be taken against the supplier in terms of paragraph 40 B of the policy.

Part 4: Other matters

Prohibition on awards to persons whose tax matters are not in order

45.

- (1) No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.
- (4) In cases of uncertainty on Tax affairs of the service provider, Service provider to

provide the municipality with SARS e-filing pin code for independent verification by the municipality.

Prohibition on awards to persons in the service of the state

46. In respect of the procurement process followed, no award may be made to a person in terms of this Policy-
- a) who is in the service of the state
 - b) if that person is not a natural person, of which any executive director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 - c) a person who is an advisor or consultant contracted with the municipality.

Awards to close family members of persons in the service of the state

47. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R 2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including -
- (a) the name of that person;
 - (b) the capacity in which that person is in the service of the state; and
 - (c) the amount of the award.

Ethical standards

- 48.
- (1) The code of ethical standards as set out in the *“National Treasury’s code of conduct for supply chain management practitioners and other role players involved in supply chain management”* is hereby established for officials and other role players in the supply chain management system of the Municipality in order to promote -
 - a. mutual trust and respect; and
 - b. an environment where business can be conducted with integrity and in a fair and reasonable manner.

- (2) A breach of the code of ethics must be dealt with as follows -
- a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
 - b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
 - c) in all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

Inducements, rewards, gifts and favours to municipalities, officials and other role players

49.

- (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant -
 - a) any inducement or reward to the municipality for or in connection with the award of a contract; or
 - b) any reward, gift, favour or hospitality to -
 - I. any official; or
 - II. any other role player involved in the implementation of this Policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

- 50. The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted,

whether directly or through a representative or intermediary, by any person who is -

- a) a provider or prospective provider of goods or services; or
- b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

- 51.** Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

Resolution of disputes, objections, complaints and queries

52.

- (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes -
 - a) to assist in the resolution of disputes between the municipality and other persons regarding -
 - i. any decisions or actions taken in the implementation of the supply chain management system; or
 - ii. any matter arising from a contract awarded in the course of the supply chain management system; or
 - b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must -
 - a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if -
 - (a) the dispute, objection, complaint or query is not resolved within 60 days; or

(b) no response is forthcoming within 60 days.

- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

- 53. If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate -
 - a) a cap on the compensation payable to the service provider; and
 - b) that such compensation must be performance based.

Construction Industry Development Board (CIDB)

- 54. The Construction Industry Development Board (CIDB) has been established by government to promote uniform application of policy to the construction industry.
 - a) When calling for construction related bids:
 - I. The prescribed CIDB (uniformity bid documents) must be utilised
 - II. Only contractors registered with CIDB may be used
 - III. All projects must be advertised on the I-tender and e-tender system
 - IV. Consultants used in the procurement process must adhere to the CIDB legislation
 - V. Consultants used in the procurement process are prohibited to provide goods, works or service related to the project; and
 - VI. Subcontract arrangements and joint venture initiatives must be aligned to CIDB guidelines and requirements
 - b) When evaluating construction related bids
 - I. The validity of the contractor's registration on the CIDB website must be verified

- II. The bidders documents must be assessed against the prescribed CIDB contractor requirements
 - III. Calculations for joint venture grading must be done according to the CIDB prescriptions
- c) All construction related procurement and projects above minimum threshold R50 million should be undertaken in accordance with the Standard for Infrastructure Procurement Delivery Management (SIPDM) – Refer to Annexure B
- d) Other matters
 - I. all projects approved by the municipality must be registered with the CIDB
 - II. contracts registered on the e-tender systems must be update and completed
 - III. non-performance and non-compliance of contractors must be reported to the CIDB as per CIDB guidelines

Commencement

55. This Policy takes effect on [25 May 2010] and reviewed annually.

ANNEXURE A

PROCESS FOR THE OBTAINING OF GOODS AND SERVICES

The following process must be followed in terms of the Municipal Finance Management Act, Act 56 2003, Eden Supply Chain Management Policy and the Supply Chain Regulations to obtain goods and services.

1. PURCHASES**1.1 Purchase of all goods/services (capital and non-capital)**

Value of Goods and Services	Procurement Method	Delegated Approval Authority	SCM Policy
➤ R0 – R250	Petty Cash if supplier is not a creditor	Divisional Head / Manager	Supply Chain Management Policy S12(1)(a)
➤ R250 but less than R 30 000	Minimum of 3 x written quotations preferably selected from supplier database or central supplier database.	As per delegation register	Supply Chain Management Policy S12(1)(b)
➤ R 30 000 but below R 200 000 (Informal Tenders)	Informal Tender process; (successful bidder must be registered on the National Treasury's Central supplier Database)	As per delegation register	Supply Chain Management Policy S12(1)(c)
➤ R200 000 or Long Term Contracts (Formal Tenders)	Formal Tender process to be followed. (Successful Bidder – GSD Registered)	As per delegation through the appointed Supply Chain Management Bid Committees.	Supply Chain Management Policy S12(1)(d)
Deviations below 10k	Through procurement system of the municipality	Final approval by the Executive Manager of the Department	Supply Chain Management Policy
Deviations above R10 000	Through procurement system of the municipality (Tax Clearance in order & not in the employ of the state)	Final approval by the Municipal Manager	Supply Chain Management Policy

2. REQUISITIONS

Requisitions must be approved in terms of the relevant delegation register as approved by the Accounting Officer or delegated authority.

3. ORDERS**I. Capital purchases**

Requisitions are verified by the Asset Management Section.

II. Non capital purchases

All orders are issued through Stores.

4. SUPPLY CHAIN MANAGEMENT POLICY

A. >R 0 – R30 000: 3 x Written Quotations

- i. User department or initiator to put in requisition to the Buyers to obtain a minimum of three quotations. Preference to be given to suppliers listed on the National Treasury's Central Supplier Database, however if there is less than three suppliers identified on the database, potential additional suppliers not listed on the database to be identified and requests for quotation obtained.
- ii. If the preferred supplier is not listed on the Database the following to occur:
 - a) Procurement to take place through a deviation and approval by the CFO for direct payment to be obtained. Minimum supplier listing criteria to be fulfilled, i.e. Tax Clearance Certificate, regulation 44 declarations etc.
 - b) User departments to identify Key service providers within their operations and urge them to register on the National Treasury's Central Supplier Database
 - c) Deviations below Quotation R 10 000 to be approved by the Executive Manager of the relevant department.
 - d) The order number will be generated by the chief clerk at stores and forwarded to User department for action

B. R30 000 – R200 000: 3 x Informal tenders

- i. User department to initiate the procurement process by compiling specifications and forwarding them to Supply Chain Management via the electronic procurement system.
- ii. SCM Unit to facilitate the procurement process throughout the procurement life cycle until the award.

Procurement Life Cycle to involve the following:

- a) Specifications to serve before the specification committee
- b) Approved specifications will be advertised on the website, e-tender, notice board and send to potential suppliers registered on the accredited supplier database.

- c) On submission, Informal tenders must be placed in the tender box and will be opened on the closing date as per time specified on the advertisement.
- d) Summary of informal tenders will be compiled by Supply Chain Management Officer.
- e) User department to provide the technical evaluation against pre-set evaluation criteria and submit to SCM Unit to evaluate the Responsive
- f) bidders and submit through to the Bid Evaluation committee for adjudication and final award. Service Level Agreements must be compiled and signed by both parties before goods and services may be procured in excess of R30 000

C. >R200 00: Formal Tenders & Long Term Contracts

- i. User department sends a request for a formal tender through to SCM Unit via Collaborator with the specifications.
- ii. SCM Unit to facilitate the procurement process throughout the procurement life cycle until the award.

Procurement Life Cycle to involve the following:

- iii. Specifications to serve before the specification committee
- iv. Reviewed and approved specifications to be approved by the accounting officer before advertising
- v. Approved specifications will be advertised on the municipal website, e tender, notice board and send to potential suppliers registered on the accredited supplier database
- vi. The Tender number and closing date will be allocated by the SCM Unit.
- vii. Tender advertisement will be compiled and placed by the SCM Unit.
- viii. Standard tender documents will be provided to prospective tenderers by the SCM Unit.
- ix. Tenders will be opened on the date and time as specified in the advertisement.
- x. Summary of tenders will be compiled by Supply Chain Management Officer.
- xi. User department to provide the technical evaluation against pre-set evaluation criteria and submit to SCM Unit to evaluate the Responsive bidders in accordance with the Supply Chain Management Regulations.
- xii. The Bid Evaluation Committee to evaluate and make recommendations to the Bid Adjudication committee.
- xiii. The Bid Adjudication Committee can only adjudicate and on contracts below 10 million.
- xiv. Tenders greater than R10 million will be awarded by the Accounting Officer after recommendations by the Bid Adjudication Committee

- xv. Service Level Agreements must be compiled and signed by both parties before goods and services may be procured in excess of R30 000
- xvi. Successful / unsuccessful tenderers will be notified of the Bid Adjudication Committee's decision.
- xvii. After awarding the formal tender, the User Department will be informed of the outcome and they are to complete a Service Level agreement before any requisition can be generated

5. SERVICE LEVEL AGREEMENTS

User department to liaise with Legal Services (contract management unit) on the compilation of service level agreements for all tenders (formal and informal). Process guidance for compilation to be sought from Legal Services department.

Performance Management:

Each department to monitor the performance of each supplier to whom tenders have been issued under. The process flow for monitoring performance of service providers to be undertaken on the collaborator system and all the relevant compulsory review comments is completed.

It is important that all communication with the service provider regarding the dissatisfaction of the work performed or goods delivered be documented and the service provider be afforded the opportunity to rectify it and respond accordingly. Where the final assessment of the service provider or supplier remains substandard after engaging with the service provider, legal services to facilitate the process going forth with the legal remedies available

6. STANDARD OPERATING PROCEDURES FOR PROCURING ACCOMMODATION AND FLIGHTS

6.1 Accommodation

- i. Out of town trip form to be duly completed and approved by the designated authority.
- ii. The Official concerned is to provide the designated central co-ordinator for the department with the supporting documentation indicating the reason for accommodation.
- iii. The secretary to source a minimum of three quotations from the internet or any other available resource, identify the lowest quote and request the service provider to forward a pro-forma invoice as a provisional confirmation of the booking.
- iv. The designated personnel in a particular department to initiate a requisition on collaborator, uploading all the relevant documentation, and

route the requisition to the relevant official for approval.(Request CSD Number)

- v. The approved requisition will be routed via collaborator to the Chief Accountant at Stores, who will inspect the documentation. Item to follow the procurement process as per the electronic procurement system.
- vi. Once the payment has been processed, proof of payment to be forwarded by DATA office to the designated personnel that initiated the requisition/booking. (GRV to be generated by departments before payment)
- vii. The designated personnel to forward the proof of payment to both the service provider (Bed & Breakfast or Hotel) and the official for whom accommodation has been reserved for.
- viii. The official to request the original invoice preferably stamped this invoice to be submitted to creditors department once they return.

Provision made in the Travel and Subsistence policy to serve as the guideline:

6.2 Compensation

6.2.1 Accommodation:

- i. Travel and subsistence policy to serve as a guideline regarding the type of Accommodation and rating that is appropriate as approved by council.
- ii. Where such accommodation is available, the rate for a single room will be payable.
- iii. If a representative stays with a relative or friend, Subsistence and travel policy of Council to serve as a guideline
- iv. The payments for overnight accommodation will be paid directly through Creditors Department to the authorised place of accommodation.
- v. Request for payment of reservation must be submitted within reasonable period before departure to enable the administration to process the reservation.
- vi. Tax/invoices for accommodation to be submitted to creditors department for completeness of documentation

6.2.2 *Personnel of council may not circumvent procurement process and place their own preferred booking and claim reimbursement. Any emergency cases where accommodation is sort outside the procurement process, permission to be obtained prior from the*

executive manager of the department or the alternative relevant authority.

6.3 Booking of Airline Tickets

- a) Designated personnel in the department should be provided with the following document or invitation for workshop/meeting/conference to be attended with the following details
 - i. Where the event will take place
 - ii. Date and Starting time
 - iii. Date of closure and time of finish
- b) Arrangements for flights to be centralised around the designated personnel in the department, i.e. PA to the Executive Manager
- c) Deviations for items costing below R10,000 can be approved by the Executive Manager of the relevant department, Final approval for Deviations above R10 000 to be approved by the Municipal Manager.
- d) Payments of flights to follow due process as approved
- e) When bookings are made, the following information is required by the designated personnel:
 - I. Approval from Municipal Manager for attendance of the meeting
 - II. Copy of ID of the passenger
 - III. Passenger's cell-phone number, which will be used to forward a confirmation e-mail with flight details from the chosen airline
 - IV. Vote from which expenditure will be paid

6.4 For rental vehicle hire:

- i. Designated personnel in the department to make the necessary arrangement subject to availability of the vehicles. The class of the vehicle to be guided by the Travel and Subsistence Policy of Council

6.5 Catering

Refer to the catering policy as approved by council.

Annexure B



CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

In accordance with regulation 46(4) and 46(5) of the Local Government Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations, the supply chain management policy of a municipality or municipal entity is required take into account the National Treasury's code of conduct for supply chain management practitioners and other role players. Alternatively a municipality or municipal entity may adopt the National Treasury code of conduct. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity.

The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

General Principles

Eden District Municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

- 1.1 Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.
- 1.2 Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate

against any group or individual. They should not abuse the power and authority vested in them.

2 Conflict of interest

An official or other role player involved with supply chain management –

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350 or as may be set by council;
- (d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality;
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- (h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- (i) should not take improper advantage of their previous office after leaving their official position.

3 Accountability

- 3.1 Practitioners are accountable for their decisions and actions to the public.
- 3.2 Practitioners should use public property scrupulously.
- 3.3 Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.
- 3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- 3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.

- 3.6 Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including
- (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
 - (iii) any alleged breach of this code of conduct.
- 3.7 Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the Eden District Council who must ensure that such declaration is recorded in the register.

4 Openness

Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

5 Confidentiality

- a) Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractors personal rights.
- b) Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

Bid Specification / Evaluation / Adjudication Committees

- 6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the council in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- 6.2 Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.

6.3 All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.

6.4 No person should-

6.4.1 interfere with the supply chain management system of the council; or

6.4.2 amend or tamper with any price quotation / bid after its submission.

7 Combative Practices

a) Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

- (i) Suggestions to fictitious lower quotations;
- (ii) Reference to non-existent competition;
- (iii) Exploiting errors in price quotations / bids;
- (iv) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

I _____, an employee of Eden District Municipality, hereby acknowledges the Eden District Municipality's Code of Conduct for Supply Chain Management and commits to abide by it in the spirit to which it is intended for.

- I acknowledge that my integrity can only be affirmed by how I am deemed by others and therefor will uphold the Supply Chain Management Policy of the Municipality to the letter and spirit to which it is intended for.
- I will refrain from any conduct which may be deemed to be fraudulent in nature or could be seen as bringing disrepute to the image of Council.
- I acknowledge my responsibility for continuous professional development in familiarising myself with the changes in the relevant and applicable legislation of Supply Chain Management and any other relevant procurement legislation.

Signature _____
 Name of Official _____
 Date of Signature _____

ANNEXURE C**Supply Chain Process for Infrastructure Procurement and Delivery Management**

The Council resolves in terms of section 168 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), in reference to SCM Regulation 3(2), this Policy prescribes the standards and gateways system requirements and principles which municipalities must adhere to when procuring infrastructure related services linking to CIDB and ISO standards and ethos, therefore to adopt the following proposal as the SCM Framework for Infrastructure Procurement and Delivery Management of the Eden District Municipality.

Infrastructure Procurement and Delivery Management

Contents

1	Scope	1
2	Terms, definitions and abbreviations	1
2.1	Terms and definitions	1
2.2	Abbreviations	2
	General requirements	2
3	3.1 Delegations	2
	3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management	3
	3.3 Supervision of the Infrastructure delivery management unit	3
	3.4 Objections and complaints	3
	3.5 Resolution of disputes, objections, complaints and queries	4
	Control framework for infrastructure delivery management	4
4	4.1 Assignment of responsibilities for approving or accepting end of stage deliverables	4
	4.2 Additional gates	4
	4.3 Additional requirements	5
	4.4 Gateway reviews	5
	4.4.1 Gateway reviews for major capital projects above a threshold	5
	Control framework for infrastructure procurement	6
5	Infrastructure delivery management requirements	6
6	6.1 Institutional arrangements	6
	6.1.1 Committee system for procurement	6
	6.1.2 Actions of an authorised person relating to the award of a contract or an order	12
	6.1.3 Conduct of those engaged in infrastructure delivery	13
	6.1.4 Measures to prevent abuse of the Infrastructure delivery system	16
	6.1.5 Awards to persons in the service of the state	16
	6.1.6 Collusive tendering	17
	6.1.7 Placing of contractors under restrictions	17
	6.1.8 Complaints	18
	6.2 Acquisition management	18
	6.2.1 Unsolicited proposal	18
	6.2.2 Tax and rates compliance	19
	6.2.3 Declarations of interest	20
	6.2.4 Invitations to submit expressions of interest or tender offers	20
	6.2.5 Publication of submissions received and the award of contracts	20
	6.2.6 Disposal committee	21
	6.3 Reporting of infrastructure delivery management information	21
	Infrastructure procurement	21
	7.1 Usage of procurement procedures	22
7	7.2 Procurement documents	22
	7.3 Developmental procurement policy	22
	7.4 Payment of contractors	22
	7.5 Approval to utilise specific procurement procedures	22
	7.6 Receipt and safeguarding of submissions	23
	7.7 Opening of submissions	23
	7.8 Use of another organ of state's framework agreement	24
	7.9 Insurances	24
	7.9.1 Contractors shall be required to take out all insurances required in terms of the contract	24
	7.10 Written reasons for actions taken	25
	7.11 Request for access to information	25

1 Scope

This annexure establishes the Eden District Municipality's framework for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

- a) the storage of goods and equipment following their delivery to Eden District Municipality which are stored and issued to contractors or to employees;
- b) the disposal or letting of land;
- c) the conclusion of any form of land availability agreement;
- d) the leasing or rental of moveable assets; and
- e) public private partnerships.

2 Terms, definitions and abbreviations

2.1 Terms and definitions

For the purposes of this document, the definitions and terms given in the standard and the following apply:

agent: person or organization that is not an employee of the Eden District Municipality that acts on the Eden District Municipality's behalf in the application of this document

authorised person: the municipal manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order

conflict of interest: any situation in which:

- a) someone in a position of trust has compelling professional or personal interests which make it difficult for him to fulfil his duties impartially;
- b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit; or
- c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee

contract manager: person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view

family member: a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption

framework agreement: an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

gate: a control point at the end of a process where a decision is required before proceeding to the next process or activity

gateway review: an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based

gratification: an inducement to perform an improper act

infrastructure delivery: the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

infrastructure procurement: the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

maintenance: the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

operation: combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use

order: an instruction to provide goods, services or any combination thereof under a framework agreement

organ of state: an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

procurement document: documentation used to initiate or conclude (or both) a contract or the issuing of an order

principal: a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)

standard: the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury

working day: any day of a week on which is not a Sunday, Saturday or public holiday

2.2 Abbreviations

For the purposes of this document, the following abbreviations apply

CIDB: Construction Industry Development Board

SARS: South African Revenue Services

3 General requirements

3.1 Delegations

3.1.1 The Eden District Municipality hereby delegates all powers and duties to the municipal manager which are necessary to enable the municipal manager to:

- a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;
- b) maximise administrative and operational efficiency in the implementation of this document;
- c) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this document; and

- d) comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

3.1.2 No departure shall be made from the provisions of this policy without the approval of the municipal manager of Eden District Municipality.

3.1.3 The municipal manager shall for oversight purposes:

- a) within 30 days of the end of each financial year, submit a report on the implementation of this policy, to the council of the Eden District Municipality;
- b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the council of Eden District Municipality;
- c) within 10 days of the end of each quarter, submit a report on the implementation of the policy to the mayor; and
- d) make the reports public in accordance with section 21A of the Municipal Systems Act of 2000.

3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management

3.2.1 Infrastructure procurement and delivery management shall be undertaken in accordance with the all applicable legislation and the relevant requirements of the latest edition of the National Treasury Standard for Infrastructure Procurement and Delivery Management.

Any deviation to the provisions of this standard must be reported to National Treasury and the relevant treasury.

3.2.2 Pre-feasibility and feasibility reports are required as end – of – stage deliverables for stages 3 and 4, respectively, where one or more of the following applies:

- a) The major capital projects is required for:
 - 1) a major public enterprise where the total expenditure exceeds R 1.5 billion, or
 - 2) an organ of state to the Municipal Finance Management Act other than a major public enterprise where the total project capital expenditure exceeds R1.0 billion including VAT, or where the expenditure per year for a minimum of three years exceeds R 250 million per annum including VAT;
- b) the project is not:
 - 1) a building project with or without related site works; or
 - 2) a process – based, somewhat repetitive or relatively standardised project where the risk of failing to achieve time, cost and quality objectives is relatively low;

3.2.3 Stage 3 to 9 are required for where the works does not involve the provision of new infrastructure or the rehabilitation, refurbishment, alteration of existing infrastructure. Stages 5 and 6 to be omitted where there is sufficient information to proceed to stage 7 is contained in the stage 4 deliverable.

3.3 Supervision of the infrastructure delivery management unit

The Infrastructure Delivery Management Unit shall be directly supervised by the chief financial officer / person delegated in terms of section 82 of the MFMA.

3.4 Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this policy, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

3.5 Resolution of disputes, objections, complaints and queries

3.5.1 The municipal manager shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the Eden District Municipality and other persons regarding:

- a) any decisions or actions taken in the implementation of the supply chain management system;
- b) any matter arising from a contract awarded within the Eden District Municipality's infrastructure delivery management system; or
- c) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

3.5.2 All relevant personnel as and when required so shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

3.5.3 The person appointed in terms of 3.5.1 shall:

- a) strive to resolve promptly all disputes, objections, complaints or queries received; and
- b) submit monthly reports to the municipal manager on all disputes, objections, complaints or queries received, attended to or resolved;

3.5.4 A dispute, objection, complaint or query may be referred to the Western Cape Provincial Treasury if:

- a) the dispute, objection, complaint or query is not resolved within 60 days; or
- b) no response is forthcoming within 60 days.

3.5.5 If the Western Cape Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

4 Control framework for infrastructure delivery management

4.1 Assignment of responsibilities for approving or accepting end of stage deliverables

The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

4.2 Additional gates

Additional gates may be added only on approval by the municipal manager.

4.3 Additional requirements

Additional requirements may be added only on approval by the municipal manager as the need arises.

4.4 Gateway reviews

4.4.1 Gateway reviews for major capital projects above R 50 million (VAT inclusive)

4.4.1.1 The municipal manager shall appoint a gateway review team in accordance with the provisions of clause 4.1.13.1.2 of the standard to undertake gateway reviews for major capital projects above R 50 million (VAT inclusive) for review of the stage 4 deliverable (concept report or feasibility report) prior to acceptance of the deliverable;

4.4.1.2 The review teams shall comprise of not less than three persons who are not involved in the project associated with the works covered by the end of the stage 4 deliverable, and who are familiar with the various aspects of the subject matter of the deliverable at the end of the stage

under review.

4.4.1.3 The review team shall be led by a person who has at least relevant experience and track record in the planning of infrastructure projects and is registered either as a professional engineer in terms of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act. The members of the team should have relevant expertise in key technical areas, cost estimating, scheduling and implementation of similar projects.

4.4.1.4 The relevant treasury may nominate additional persons to serve on the review team.

Table 1: Responsibilities for approving or accepting end of stage deliverables in the control framework for the management of infrastructure delivery

Stage			Person assigned the responsibility for approving or accepting end of stage deliverables
No	Name		
0	Project initiation		Council accepts the initiation report
1	Infrastructure planning		Council / Municipal Manager approves the infrastructure plan
2	Strategic resourcing		Municipal Manager and the relevant Executive Manager approves the delivery and/or procurement strategy
3	Pre-feasibility		Executive Manager and Project Manager of the responsible division accepts the pre-feasibility report
	Preparation and briefing		Executive Manager and Project Manager of the responsible division accepts the strategic brief
4	Feasibility		Municipal Manager and the relevant Executive Manager accepts the feasibility report
	Concept and viability		Executive Manager and Project Manager of the responsible division accepts the concept report
5	Design development		Executive Manager and Project Manager of the responsible division accepts the design development report.
6	Design documentation	6A Production information	Executive Manager and Project Manager of the responsible division (professional) accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance.
		6B Manufacture, fabrication and construction information	The project manager accepts the manufacture, fabrication and construction information.
7	Works		The project manager certifies completion of the works or the delivery of goods and associated services.
8	Handover		The owner or end user accepts liability for the works.
9	Package completion / Close out		The project manager or supervising agent certifies the defects certificate in accordance with the provisions of the contract. The project manager certifies final completion in accordance with the provisions of the contract. Project manager accepts the close out report.

5 Control framework for infrastructure procurement

5.1 The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold shall be as stated in Table 2.

5.2 The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure shall be as follows:

- a) Procurement documentation committee shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;
- b) The Bid Adjudication Committee may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.

5.3 The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

6 Infrastructure delivery management requirements

6.1 Institutional arrangements

6.1.1 Committee system for procurement

6.1.1.1 General

6.1.1.1.1 A committee system comprising the Specification committee, Bid Evaluation Committee and Bid Adjudication committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements.

6.1.1.1.2 The evaluation committee shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.

6.1.1.1.3 The persons appointed in writing as technical advisors and subject matter experts may attend any committee meeting.

6.1.1.1.4 No person who is a political officer bearer, a public office bearer including any councillor of a municipality, a political advisor or a person appointed in terms of section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a procurement documentation, evaluation or tender committee.

6.1.1.1.5 Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterised by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

6.1.1.1.6 Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than 50% plus 1 of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

6.1.1.2 Procurement documentation committee

6.1.1.2.1 The Various Supply Chain Management Committees and the user department may request the Municipal Manager to appoint a transaction advisor on complex matters which they feel inadequately equipped to oversee:

- a) the persons to review the procurement documents and to develop a procurement documentation review report in accordance with clause 4.2.2.1 of the standard; and
- b) the members of the procurement documentation committee.

6.1.1.2.2 The procurement Specification committee shall comprise of the standing committee members and any additional persons appointed on the basis of their technical expertise one or more persons. The chairperson shall be an employee of Edenburg Municipality with requisite skills. Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

6.1.1.2.3 No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

Table 2: Procurement activities and gates associated with the transition and conclusion of contracts above the quotation threshold

Activity	Sub-Activity (see Table 3 of the standard)	Key actions	Persons assigned responsibility to perform key actions
1 st Establish what is to be procured	1.3 PG1 Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	Relevant Director
2 nd Decide on procurement strategy	2.5 PG2 Obtain approval for procurement strategies that are to be adopted including specific approach to approach a contract model or the use of the negotiation procedure	Conduct selection of strategies so that tender offers can be selected	SCM Manager in consultation with the CFO and relevant Director
3 rd Solicit tender offers	3.2 PG3 Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Procurement documentation committee
4 th Prepare tender offers	3.3 PG4 Confirm that budgets are in place	Confirm that source is available for the procurement to take place	Relevant Director / CFO
	4.2 PG5 Obtain authorization to proceed with next phase of tender process in the quotation, proposal or competitive negotiations procedure	Review evaluation report, tally recommendations and advise progression to the next stage of the tender process	Evaluation committee
5 th Award contract	4.7 PG6 Confirm recommendations conducted in the tender evaluation report	Review recommendations of the evaluation committee and refer back to evaluation committee for reconsideration or make recommendations for award (within R 10 m – Tender Committee and above R 10 m the Municipal Manager)	Tender committee (Mayor and RLG members; Municipal Manager (active RLG only))
	5.3 PG7 Award contract	Formally accept the tender offer in writing and issue the contract with a signed copy of the contract	Tender committee / Municipal Manager
	5.5 GP1 Upload data to financial management and payment system	Verify data and upload contractor's performance and data associated with the contract or order	CCM Unit

Table 2 (concluded)

Activity	Sub-Activity	Key Action	Person assigned responsibility to perform key action
6 Administer contracts and contracts with requirements	6.4 PMSA	Obtain approval to waive penalties or low performance charges.	Municipal Manager
	6.5 PMSB	Obtain approval to ratify and refer a dispute to an adjudicator	Municipal Manager
	6.6 PMSB	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion of the award of a contract or the issuing of an order up to a specified percentage	0-20% CMO or Municipal Manager with proper modification from the relevant Director
	6.7 PMSB	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion of a contract or the issuing of an order by more than 15% and up to 20%, respectively	0-20% CMO or Municipal Manager with proper modification from the relevant Director
	6.8 PMSB	Obtain approval to cancel or terminate a contract	Recommended by the BMS Adjudicator Committee for approval by Municipal Manager
	6.9 PMSB	Obtain approval to amend a contract	Recommended by the BMS AMO-Committee for approval by Municipal Manager
		Approve waiver of penalties or low performance charges	
		Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	
		Approve amount of time and cost extensions up to the threshold	
		Approve amount of time and cost extensions above a the threshold (15% up to 20%)	
		Approve amount	
		Approve proposed amendment to contract	

Table 3: Procurement activities and gates associated with the issuing of an order above the quotation threshold in terms of a framework agreement

Activity		Key action	Person assigned responsibility to perform key action
1 PG1	Confirm justified reasons for selecting a framework contract where there is more than one framework agreement covering the same scope of work	Confirm reasons submitted for not issuing competition amongst framework contractors or request that quotations be invited	Marketing Manager or relevant Executive Manager
3 PG2	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Procurement documentation committee
4 PG3	Confirm that budgets are in place	Confirm that finance is available so that the order may be issued	Relevant Executive Manager in conjunction with the CFO or CPO
6 PG4	Authorise the issuing of the order	If applicable, review evaluation report and confirm or reject recommendations. Formally accept the order in writing and issue the contractor with a signed copy of the order	Relevant Executive Manager

6.1.1.3 Evaluation committee

6.1.1.3.1 The municipal manager shall in addition to the standing committee members appoint on a procurement by procurement basis any additional members with the necessary technical expertise relevant to a particular project:

- a) the persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with clauses 4.2.3.2 and 4.2.3.4 of the standard, respectively; and
- b) to provide technical advice to committee.

6.1.1.3.2 The evaluation committee shall comprise not less than three people. The chairperson shall be an employee of Eden District Municipality with requisite skills. Other members shall include a supply chain management practitioner and, where relevant, include an official from the department requiring infrastructure delivery and any other members that may be deemed necessary for the success of the project.

6.1.1.3.3 The evaluation committee shall review the evaluation reports prepared in accordance with sub clause 4.2.3 of the standard and as a minimum verify the following in respect of the recommended tenderer:

- a) the capability and capacity of a tenderer to perform the contract;
- b) the tenderer's tax and municipal rates and taxes compliance status;
- c) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;
- d) the Compulsory Declaration has been completed; and
- e) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

6.1.1.3.4 No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the procurement documentation committee or a family member or associate of such a member, may be considered by the evaluation committee.

6.1.1.3.5 The evaluation committee shall disqualify any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process and notify legal services for guidance.

6.1.1.4 Bid Adjudication Committee

6.1.1.4.1 The tender committee shall comprise the following persons or their mandated delegate:

- a) Executive Manager in Finance to Chair
- b) All the other Executive Managers

6.1.1.4.2 No member of the evaluation committee may serve on the Bid Adjudication committee. A member of an evaluation committee may, however, participate in the deliberations of a tender committee as a technical advisor or a subject matter expert.

6.1.1.4.3 The tender committee shall:

- a) consider the report and recommendations of the evaluation committee and:
 - 1) verify that the procurement process which was followed complies with the provisions of this document;
 - 2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
 - 3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
 - 4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
- b) refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.

6.1.1.4.4 The adjudication committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action which should be taken.

6.1.1.4.5 The adjudication committee shall consider the merits of an unsolicited offer and make a recommendation to the municipal manager;

6.1.1.4.6 The adjudication committee shall report to the municipal manager any recommendation made to award a contract to a tenderer other than the tenderer recommended by the evaluation committee, giving reasons for making such a recommendation.

6.1.1.4.7 The adjudication committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

- a) made a misrepresentation or submitted false documents in competing for the contract or order; or
- b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

6.1.1.4.8 The tender committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper conduct in relation to such system. The National Treasury and the Western Cape Provincial Treasury shall be informed where such tenderers are disregarded.

6.1.2 Actions of an authorised person relating to the award of a contract or an order

6.1.2.1 Award of a contract

6.1.2.1 Infrastructure tenders as per the recommended threshold shall be adjudicated over by the Bid adjudication committee and recommendations made to the Municipal Manager for final award.

- a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or

- b) decide not to proceed or to start afresh with the process.

6.1.2.2 The authorised person shall immediately notify the municipal manager if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and Western Cape Provincial Treasury, and, in the case of a municipality, also the parent municipality, of the reasons for deviating from such recommendation.

6.1.2.3 Issuing of an order

The authorised person shall, deal with content of the contract as per approved service level agreement and the milestones as draw up in the agreed project plan

6.1.3 Conduct of those engaged in infrastructure delivery

6.1.3.1 General requirements

6.1.3.1.1 All personnel and agents of Eden District Municipality shall comply with the requirements of the CDB Code of Conduct for all Parties engaged in Construction Procurement.

They shall:

- a) behave equitably, honestly and transparently;
- b) discharge duties and obligations timeously and with integrity;
- c) comply with all applicable legislation and associated regulations;
- d) satisfy all relevant requirements established in procurement documents;
- e) avoid conflicts of interest; and
- f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

6.1.3.1.2 All personnel and agents engaged in Eden District Municipality's infrastructure delivery management system shall:

- a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
- b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
- c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
- d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
- e) ensure that resources are administered responsibly;
- f) be fair and impartial in the performance of their functions;

- g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
- h) not abuse the power vested in them;
- i) not place themselves under any financial or other obligation to interested individuals or firms that might seek to influence them in the performance of their duties;
- j) assist Eden District Municipality in combating corruption and fraud within the infrastructure procurement and delivery management system;
- k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
- l) not make false or misleading entries in reports or accounting systems; and
- m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

6.1.3.1.2 An employee or agent may not award or tamper with any submission, tender or contract in any manner whatsoever.

6.1.3.2 Conflicts of interest

6.1.3.2.1 The employees and agents of Eden District Municipality who are connected in any way to procurement and delivery management activities which are subject to this policy, shall:

- a) disclose in writing to the employee of the Eden District Municipality to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and
- b) not participate in any activities that might lead to the disclosure of Eden District Municipality's proprietary information.

6.1.3.2.2 The employees and agents of Eden District Municipality shall declare and address any perceived or known conflict of interest, including the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

6.1.3.2.3 Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in Eden District Municipality's interest to do so, submit a tender for work associated with such documents provided that:

- a) Eden District Municipality states in the tender data that such an agent is a potential tenderer;
- b) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and
- c) the procurement document or committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

6.1.3.3 Evaluation of submissions received from respondents and tenderers

6.1.3.3.1 The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:

- a) not have any conflict between their duties as an employee or an agent and their private interest;

- b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;
- c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and
- d) not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to Eden District Municipality.

6.1.3.2 The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of Eden District Municipality and a tenderer or respondent shall be disclosed and recorded in the tender evaluation report.

6.1.3.3 Eden District Municipality's personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

6.1.3.4 Non-disclosure agreements

Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect Eden District Municipality's confidential information and interests.

6.1.3.5 Qualifications, hospitality and gifts

6.1.3.5.1 The employees and agents of Eden District Municipality shall not, directly or indirectly, accept or agree to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

6.1.3.5.2 The employees and agents of Eden District Municipality as well as their family members, of associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

- a) money, loans, equity, personal favours, benefits or services;
- b) overseas trips; or
- c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

6.1.3.5.3 The employees and agents of Eden District Municipality shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

6.1.3.5.4 All employees and agents of Eden District Municipality may for the purpose of fostering inter-personal business relations accept the following:

- a) meals and entertainment, but excluding the cost of transport and accommodation;
- b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;
- c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;
- d) gifts in kind other than those listed in a) to c) which have an intrinsic value lower than R200 unless they have declared them to council.

6.1.3.5.5 Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of bids for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

6.1.3.5.6 Employees and agents of Eden District Municipality shall without delay report to the municipal manager or chief financial officer any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

6.1.3.6 Reporting of breaches

Employees and agents of Eden District Municipality shall promptly report to the municipal manager or chief financial officer any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

6.1.4 Measures to prevent abuse of the infrastructure delivery system

The municipal manager or chief financial officer shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this policy against an employee or an agent, a contractor or other role player and, where justified:

- a) take steps against an employee or role player and inform the National Treasury and Western Cape Provincial Treasury of those steps;
- b) report to the South African Police Service any conduct that may constitute a criminal offence;
- c) lodge complaints with the Construction Industry Development Board or any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;
- d) cancel a contract if:
 - 1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
 - 2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

6.1.5 Awards to persons in the service of the state

6.1.5.1 Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:

- a) a member of any municipal council, any provincial legislature, or the National Assembly or the National Council of Provinces;
- b) a member of the board of directors of any municipal entity;
- c) an official of any municipality or municipal entity;

- d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- e) an executive member of the accounting authority of any national or provincial public entity; or
- f) an employee of Parliament or a provincial legislature.

6.1.5.2 The notes to the annual financial statements of the Eden District Municipality shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified in 6.1.5.1 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

6.1.6 Collusive tendering

Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

- a) is not associated, linked or involved with any other tendering entity submitting tender offers; or
- b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

6.1.7 Placing of contractors under restrictions

6.1.7.1 If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

- a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;
- b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
- c) had their contract terminated for reasons within their control without reasonable cause;
- d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;
- e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards Eden District Municipality; or
- f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of Eden District Municipality that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements.

The relevant Director shall prepare a report on the matter and make a recommendation to the municipal manager for placing the contractor or any of its principals under restrictions from doing business with the Eden District Municipality.

6.1.7.2 The municipal manager may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to Eden District Municipality for a period of time.

6.1.7.3 The Senior Supply Chain Manager shall:

- a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of Eden District Municipality who are engaged in procurement processes; and
- b) notify the National Treasury and Western Cape Provincial Treasury and, if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

6.1.8 Complaints

6.1.8.1 All complaints regarding the Eden District Municipality's infrastructure delivery management system shall be addressed to the municipal manager. Such complaints shall be in writing.

6.1.8.2 The relevant Executive shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the municipal manager who will decide on what action to take.

6.2 Acquisition management

6.2.1 Unsolicited proposal

6.2.1.1 The Eden District Municipality is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

- a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
- b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
- c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for Eden District Municipality;
- d) the offer is in writing and clearly sets out the proposed cost;
- e) the person who made the offer is the sole provider of the goods or service; and
- f) the municipal manager finds the reasons for not going through a normal tender processes to be sound.

6.2.1.2 The municipal manager may only accept an unsolicited offer and enter into a contract after considering the recommendations of the tender committee if:

- a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for the Eden District Municipality and an invitation to the public or other potential suppliers and providers to submit their comments within 30 days after the notice;

- b) the Eden District Municipality has obtained comments and recommendations on the offer from the National Treasury and the Western Cape Provincial Treasury;
- c) the Adjudication committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and the Western Cape Provincial Treasury; and
- d) the provisions of 6.2.1.3 are complied with.

6.2.1.3 The municipal manager shall, within 7 working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the Western Cape Provincial Treasury and Auditor General. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

6.2.2 Tax and rates compliance

6.2.2.1 SARS tax clearance

6.2.2.1.1 No contract may be awarded or an order issued where the value of such transaction exceeds R 30 000, unless a tenderer or contractor is in possession of an original valid Tax Clearance Certificate issued by SARS provided that the tenderer is not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.

6.2.2.1.2 In the case of a partnership, each partner shall comply with the requirements of 6.2.2.1.1.

6.2.2.1.3 No payment shall be made to a contractor who does not satisfy the requirements of 6.2.2.1.2. An employee of Eden District Municipality shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.

6.2.2.1.4 Notwithstanding the requirements of 6.2.2.1.1 and 6.2.2.1.3 the following shall apply, unless a person who is not tax compliant indicates to chief financial officer that it intends challenging its tax compliance status with SARS,

- a) a contract may be awarded to a non-compliant tenderer if such a tenderer is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;
- b) an order may be awarded to a non-compliant contractor if such a contractor is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;
- c) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;
- d) before authorising a further payment due to a non-compliant contractor who has failed to remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;
- e) no payments may be released for any amounts due in terms of the contract due to a non-compliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.

6.2.2.1.5 The Eden District Municipality may cancel a contract with a non-compliant contractor if such a contractor fails to remedy its tax compliance status after a period of 30 calendar days have lapsed since the second warning was issued in terms of 6.2.2.1.4 e).

6.2.2.2 Municipal rates and taxes

No contract may be awarded to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months.

6.2.3 Declarations of interest

Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

- a) are an employee of the Eden District Municipality or in the employ of the state; or
- b) have a family member or a business relation with a person who is in the employ of the state.

6.2.4 Invitations to submit expressions of interest or tender offers

6.2.4.1 All invitations to submit tenders where the estimated value of the contract exceeds R60 000 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the Eden District Municipality's website and on the National Treasury e-Tender Publication Portal. Advertisements shall be placed by the Supply Chain Management Unit.

6.2.4.2 Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.4.1 be advertised on the CIDB website. Advertisements shall be placed by the Supply Chain Management Unit.

6.2.4.3 Where deemed appropriate by Eden District Municipality an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as effected by such person.

6.2.4.4 Such advertisements shall be advertised for a period of at least 30 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the municipal manager.

6.2.4.5 Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

6.2.5 Publication of submissions received and the award of contracts

6.2.5.1 The Supply Chain Management Unit shall publish within 7 working days of the award of a contract the details of the award on the Eden District Municipality's website

6.2.5.2 Within 7 working days of the award of a contract the information required by National Treasury on the National Treasury e-Tender Publication Portal regarding the successful and unsuccessful tenders.

6.2.5.3 The award of contracts relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.5.3 be notified on the CIDB website. The notification shall be made and placed by Supply Chain Management Unit.

6.2.6 Disposal committee

6.2.6.1 The municipal manager shall appoint the members of the disposal committee to decide on how best to undertake disposals in accordance with the provisions of clause 10 of the standard.

6.2.6.2 The disposal panel shall comprise not less than three people. The chairperson shall be an employee of Eden District Municipality.

6.2.6.3 The disposal committee shall make recommendations to municipal manager who shall approve

the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, deciding not to proceed or to start afresh with the process.

6.3 Reporting of infrastructure delivery management information

The Supply Chain Management Unit shall submit any reports required in terms of the standard to the National Treasury or Western Cape Provincial Treasury.

6.3.1 The Supply Chain Management Unit shall report to the relevant treasury within one month of the award of a contract or the issuing of an order, all engineering and construction, supply, service and professional service contracts that are awarded, or orders that are issued, should the total of prices including VAT exceed the following thresholds:

Value of contract or order including VAT			
Services contract	Professional services	Supply	Engineering and construction works
R 25 million	R 25 million	R 50 million	R 50 million

7 Infrastructure procurement

7.1 Usage of procurement procedures

The Eden District Municipality shall use all applicable Supply Chain Management / procurement administrative and compliance procedures that may be applicable to infrastructure procurement and delivery management.

7.2 Procurement documents

7.2.1 The forms of contract that may be used are as follows:

Applicable contracts listed in Table 10 of Standard for Infrastructure Procurement and Delivery Management (SIPDM) may be made use of.

7.2.2 The Eden District Municipality's preapproved templates (Agreements and contract data) of procurement documents shall be utilized to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by legal department prior to being issued for tender purposes.

7.2.3 Disputes arising from the performance of a contract shall be finally settled in a South African court of law.

7.2.4 Additional requirement not stated or included in the standard templates, if any must be added; e.g. use of standard access specifications and health, safety specifications, etc.

7.2.5 The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:

- a) consultancy services; and
- b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.

7.3 Developmental procurement policy

If the contract qualifies for any goals that has been set in Eden District Municipality's approved Integrated Development Plan (IDP), it must be stated upfront in the specifications for that specific contract.

7.4 Payment of contractors

The Eden District Municipality shall settle all accounts within 30 days of invoice or statement as provided for in the contract.

7.5 Approval to utilise specific procurement procedures

7.5.1 Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

- a) Municipal Manager or Evaluation Committee shall authorise the use of the negotiated procedure above the thresholds provided in the standard.
- b) Municipal Manager or Evaluation Committee shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and
- c) the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure.

7.5.2 The municipal manager must nominate and authorise person to pursue a negotiated procedure in an emergency.

7.6 Receipt and safeguarding of submissions

7.6.1 A dedicated and clearly marked tender box shall be made available to receive all submissions made.

7.6.2 The tender box shall remain locked at all times and the key shall be under control of the Archive Department. Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

7.7 Opening of submissions

7.7.1 Submissions shall be opened by an opening panel comprising two people, officials in the Supply Chain Management office.

7.7.2 The opening panel shall open the tender box at the stipulated closing time and:

- a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;
- b) return submissions unopened and suitably annotated where:
 - 1) submissions are received late, unless otherwise permitted in terms of the submission data;
 - 2) submissions were submitted by a method other than the stated method;
 - 3) submissions were withdrawn in accordance with the procedures contained in SANS 10345-3; and
 - 4) only one tender submission is received and it is decided not to open it and to call for fresh tender submissions;
- c) record in the register submissions that were returned unopened;

- d) open submissions if received in sealed envelopes and marked with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;
- e) record in the register the name of any submissions that is returned with the reasons for doing so;
- f) record the names of the tenderer's representatives that attend the public opening;
- g) sign the entries into the register; and
- h) stamp each returnable document in each tender submission.

7.7.3 Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.2 h).

7.7.4 Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

7.7.5 Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

7.8 Use of another organ of state's framework agreement

The Eden District Municipality may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so. The municipal manager shall make the necessary application to that organ of state to do so.

7.9 Insurances

7.9.1 Contractors shall be required to take out all insurances required in terms of the contract.

7.9.2 The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by the Chief financial officer.

7.9.3 Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

7.9.4 The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by Chief financial officer.

7.9.5 SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials should be considered on all engineering and construction works.

7.9.5 Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the Chief financial officer in relation to the nature of the service that they provide.

7.9.6 Eden District Municipality shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

7.9.7 Where payment is to be made in multiple currencies, either the contractor or Eden District Municipality should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

7.10 Written reasons for actions taken

7.10.1 Written reasons for actions taken shall be provided by a the relevant Director

7.10.2 The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, be framed around the clauses in the:

- a) SANS 10845-3, *Construction procurement - Part 3: Standard conditions of tender, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or*
- b) SANS 10845-4, *Construction procurement - Part 4: Standard conditions for the calling for expressions of interest;*

as to why a tenderer was not considered for the award of a contract or not awarded a contract.

7.10.3 Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

7.11 Request for access to information

7.11.1 Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the "requestor" should be referred to the Eden District Municipality's Legal Department which will inform the entity requesting the information of the procedures to be followed and the criteria that have to be met for the "requestor" to request access to records in the possession or under the control of Eden District Municipality.

7.11.2 Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.

ANNEXURE K

PROVINCIAL CIRCULAR 5:

MUNICIPAL BUDGET



Dr T Nabe
Local Government Budget Office
Email: Tembela.Nabe@westerncape.gov.za
tel: +27 021 483-4824 fax: +27 021 483-4680

Reference: RCS/5.C

TREASURY CIRCULAR MUN NO. 5/2017

THE MAYOR, CITY OF CAPE TOWN: MS P DE LILLE
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR JH CLEOPHAS
THE MAYOR, MATZKAMA MUNICIPALITY: MS G STEPHAN
THE MAYOR, CEDERBERG MUNICIPALITY: MR J BARNARD
THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR M KOEN
THE MAYOR, SWARTLAND MUNICIPALITY: MR TVAN ESSEN
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY: DR H VON SCHLICHT
THE MAYOR, WITZENBERG MUNICIPALITY: MR BC KLAASEN
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MR CJ POOLE
THE MAYOR, STELLENBOSCH MUNICIPALITY: MS G VAN DEVENTER
THE MAYOR, BREEDER VALLEY MUNICIPALITY: MS A STEYN
THE MAYOR, LANGEBERG MUNICIPALITY: MR HM JANSEN
THE MAYOR, OVERBERG DISTRICT MUNICIPALITY: MR S FRANKEN
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY: MS CJM VOSLOO
THE MAYOR, OVERSTRAND MUNICIPALITY: MR RJ SMITH
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MR PJ SWART
THE MAYOR, SWELLENDAM MUNICIPALITY: MR NG MYBURGH
THE MAYOR, EDEN DISTRICT MUNICIPALITY: MR M BOOYSEN
THE MAYOR, KANNALAND MUNICIPALITY: MS M BARRY
THE MAYOR, HESSEGUA MUNICIPALITY: MR G RIDDELS
THE MAYOR, MOSSEL BAY MUNICIPALITY: MR HJ LEYENDAL
THE MAYOR, GEORGE MUNICIPALITY: MR MG NAK
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR CF SYLVESTER
THE MAYOR, BITOU MUNICIPALITY: MR MP LOBESE
THE MAYOR, KNYSNA MUNICIPALITY: MS E BOUW-SPIES
THE MAYOR, CENTRAL KAROO DISTRICT MUNICIPALITY: MR N CONSTABLE
THE MAYOR, LAINGSBURG MUNICIPALITY: MR AA MARTINIUS
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MR G LOTTERING
THE MAYOR, BEAUFORT WEST MUNICIPALITY

THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR A EBRAHIM
THE MUNICIPAL MANAGER, WEST COAST DISTRICT MUNICIPALITY: MR H PRINS
THE MUNICIPAL MANAGER, MATZKAMA MUNICIPALITY: DR D LUBBE
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR G MATTHYSE
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: ADV H LINDE
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR J MAPAIS (ACTING)
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ
THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR M MGAJO
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: MS L WARRING (ACTING)
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MS G MEIER
THE MUNICIPAL MANAGER, BREEDER VALLEY MUNICIPALITY: MR D McTHOMAS
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR SA MOKWEN
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR D BERETI
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR D LOUW (ACTING)
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR C GROENEWALD
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR D O'NEILL
THE MUNICIPAL MANAGER, SWELLENDAM MUNICIPALITY: MR CM AFRICA
THE MUNICIPAL MANAGER, EDEN DISTRICT MUNICIPALITY: MR GW LOUW
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR R STEVENS (ACTING)
THE MUNICIPAL MANAGER, HESSEGUA MUNICIPALITY: MR J JACOBS
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: ADV MG GILMEE

THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: MR T BOTHA
 THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR A PAULSE (ACTING)
 THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR T NDLOVU
 THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR J DOUGLAS (ACTING)
 THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR S JOOSTE
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 THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR RE VAN STADEN (ACTING)

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR K JACOBY
 THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT MUNICIPALITY: MR J KOEKMOER
 THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR G SEAS
 THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR E ALFRED
 THE CHIEF FINANCIAL OFFICER, BERGRIVER MUNICIPALITY: MR JA VAN NIEKERK
 THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR S VORSTER
 THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR M BOLTON
 THE CHIEF FINANCIAL OFFICER, CAPE WINELANDS DISTRICT MUNICIPALITY: MS FA DU RAAN-GROENEWALD
 THE CHIEF FINANCIAL OFFICER, WITZENBERG MUNICIPALITY: MR C KRIZINGER
 THE CHIEF FINANCIAL OFFICER, DRAKENSTEIN MUNICIPALITY: MS C LATEGAN (ACTING)
 THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR M WÜST
 THE CHIEF FINANCIAL OFFICER, BREEDER VALLEY MUNICIPALITY: MR R ONTONG (ACTING)
 THE CHIEF FINANCIAL OFFICER, LANGEBERG MUNICIPALITY: MR B BROWN
 THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT MUNICIPALITY: MR J TESSELAAR
 THE CHIEF FINANCIAL OFFICER, THEWATERSKLOOF MUNICIPALITY: MR F VAN DER WESTHUIZEN (ACTING)
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 THE CHIEF FINANCIAL OFFICER, SWELLEIDAM MUNICIPALITY: MR H SCHLEBUSCH
 THE CHIEF FINANCIAL OFFICER, EDEN DISTRICT MUNICIPALITY: MS L HOEK
 THE CHIEF FINANCIAL OFFICER, KANNALAND MUNICIPALITY: MR PW ERASMUS
 THE CHIEF FINANCIAL OFFICER, HESSEQUIA MUNICIPALITY: MS HJ VILJOEN
 THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR MK BOTHA
 THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR K JORDAAN
 THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR FLÖTTER
 THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR G GROENEWALD (ACTING)
 THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR M MEMANI
 THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MS U BAARTMAN
 THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD
 THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR J NEETHLING
 THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR CJ FYMDELL (ACTING)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (MR Z HOOSANJ)
 THE DEPUTY DIRECTOR GENERAL: FISCAL AND ECONOMIC SERVICES (MR H MAULA)
 THE DEPUTY DIRECTOR GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR A HARDIEN)
 THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MS M KORSTEN)
 THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR M SIGABI) (ACTING)
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 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)
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 THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS R SLINGER)
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THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT

THE HEAD OF DEPARTMENT: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING

THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)

THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY (MR TV PILLAY)

MUNICIPAL BUDGET CIRCULAR FOR THE 2017/18 MTREF

1. PURPOSE

- 1.1 The purpose of this Circular is to brief municipalities on the 2017 Local Government Medium Term Expenditure Committee Process (i.e. LG MTEC) and related matters.

2. BACKGROUND

- 2.1 The Western Cape Provincial Government has institutionalised the 'LG MTEC' process in fulfilment of its obligations under:
- 2.1.1 Sections 22 and 23 of the Local Government: Municipal Finance Management Act (MFMA), Act No. 56 of 2003; and
- 2.1.2 Chapter 5 of the Local Government: Municipal Systems Act (Act No. 32 of 2000) [MSA].
- 2.2 The 2017 process will build on the 2016 Integrated Municipal Engagement processes in order to strengthen the alignment between municipal and provincial planning and budgeting and reinforce the theme of municipal sustainability at the advent of the 4th Generation Integrated Development Planning Cycle.

3. AN INTEGRATED APPROACH TO PLANNING AND BUDGETING

- 3.1 The Western Cape Government and municipalities collectively adopted an Integrated Workplan in 2016 to facilitate a more coordinated, integrated and strategic approach to planning, budgeting and implementation. This process has been institutionalised under the auspices of the Provincial Strategic Goal (PSG) 5: Integrated Management Work Group (Work Group 4), which seeks to improve service delivery through improved coordination while creating maximum socio-economic impact.
- 3.2 The Integrated Management approach seeks to ensure that, inter alia, the budgets, programmes and projects of municipalities and provincial and national departments are derived from robust and integrated planning processes, at the heart of which is the development of an Integrated Development Plan (IDP) inclusive of its core components, such as a Spatial Development Framework (SDF). The SDF must direct the spatial location of growth and development within the municipal areas for a period of up to 20 years, and the evidence of the implementation of this spatial vision must be evident in the programmes, projects and budget allocations within the IDP. This golden thread must be clearly and unambiguously evident. It is for this reason that it has been communicated to all municipalities to ensure that the 4th Generation

IDP be approved together with the SDF, and the steps to compile the SDF be followed as per communication previously issued by the Department of Environmental Affairs and Development Planning.

- 3.3 The LG MTEC engagements follow the Strategic Integrated Municipal Engagements that took place during October 2016 and the Technical Integrated Municipal Engagements scheduled during February/March 2017.
- 3.4 The LG MTEC process will thus build on these engagements and continue to focus on the sustainability of municipalities. The key issues that affect municipal sustainability include amongst others:
 - 3.4.1 The constrained economic and fiscal environment impacting on revenue, employment and poverty;
 - 3.4.2 Rising cost pressures affecting in particular input costs related to personnel and bulk purchases;
 - 3.4.3 The prolonged drought affecting both agricultural crops, animal and human life; and
 - 3.4.4 Growing service delivery demands.
- 3.5 In response to these challenges municipalities are encouraged to:
 - 3.5.1 From a risk perspective, adopt a more realistic approach in estimating municipal revenue and tighten poverty relief policies ensuring that the most deserving population are targeted;
 - 3.5.2 Seek and implement efficiencies in processes, systems and operations to contain rising cost pressures and progressively move towards green technology and renewables;
 - 3.5.3 Fast-track service delivery objectives within affordable revenue and expenditure parameters; and
 - 3.5.4 Manage water and electricity losses by amongst others replacing dilapidated infrastructure, fix water leaks, embarking on educational campaigns and implement effective water pricing strategies.

3.6 Water and sanitation increases

- 3.6.1 Municipalities should consider the full cost of rendering water and sanitation services when determining tariffs related to these services.
- 3.6.2 Circular 78 also advised that a pricing strategy be developed to phase in any tariff increases to ensure full cost recovery of the service.
- 3.6.3 Municipalities in arrears with water boards should ensure that their payment arrangements are effected in their 2017/18 MTREF Budgets.
- 3.6.4 To mitigate the need for water tariff increases as a result of the current drought across a large part of the province, municipalities must put in place appropriate strategies to limit water losses to acceptable levels.
- 3.6.5 With regard to the risk associated with water provision, municipalities must include and publish two sets of water tariffs with the approval of the 2017/18 MTREF budget, one set for normal circumstances and another set for emergencies when drought and water shortages are encountered. This should be reflected in the municipal tariff policies and by-laws.
- 3.6.6 Alternative measures should be considered to curb water consumption to address the water shortage by reducing the amount of water to its users and regulate the availability of water during certain time periods.
- 3.6.7 Municipalities are urged to develop a Drought Management Policy that would indicate the actions municipalities should take if water resources fall to and below predetermined levels. Provincial Disaster Management and the Department of Water and Sanitation are willing to assist municipalities to develop these policies. Municipalities that need assistance can contact the Director: Disaster Recovery Services: Ms J Pandaram on 021 937 6306.

4. KEY DATES/PROCESSES

- 4.1 Municipalities are advised to take note of the following key dates/processes:
 - 4.1.1 Municipal Budget Day

According to sections 16(2) and 17(3)(d) of the MFMA, the Mayor of a municipality must table the annual budget at a council meeting at least 90 days (i.e. by 31 March each year) before the start of the budget year. Furthermore, section 25 of the MSA requires that each municipal council must draft an IDP after the start of its elected term which forms the policy framework on which the annual budgets must be based.

Municipalities are kindly requested to indicate any changes to the confirmed tabling dates as per Appendix A with the Provincial Treasury as it is crucial for the collection of the budget documentation and the assessment process leading up to the LG MTEC engagements. Municipalities are requested to indicate any changes to the confirmed tabling dates to Tania.Bosser@westerncape.gov.za by **17 March 2017**.

4.1.2 Adoption of Municipal Budgets

According to section 24(1) of the MFMA, the Municipal Council must at least 30 days before the start of the budget year (by 31 May each year) consider approval of the annual budget and any changes to the municipality's IDP. Furthermore, an annual budget must be approved by the Municipal Council before the start of the budget year (1 July each year) in line with section 24(2) of the MFMA. Failure to approve an annual budget by the start of the financial year will result in the Provincial Executive having to intervene in terms of section 139(4) of the Constitution.

4.1.3 Non-compliance with the provisions of Chapter 4 of the MFMA

As per section 27 of the MFMA, the mayor of a municipality must inform the MEC for Finance in writing of any impending non-compliance with the provisions of the MFMA or any other legislation pertaining to the tabling or approval of an annual budget or compulsory consultation processes.

If the impending non-compliance pertains to a time provision, except section 16(1) of the MFMA, the mayor may apply to the MEC for Finance for an extension, which should reach the MEC for Finance in writing by 15 March 2017 in accordance with Schedule G of the Municipal Budget and Reporting Regulations.

5. NATIONAL AND PROVINCIAL TREASURY GUIDELINES

- 5.1 Municipalities are advised to include the National and Provincial Treasury Budget Circulars as part of the source documents consulted in the preparation of the 2017/18 MTREF Budget documents and to table it as part of the budget documentation in the Municipal Council.
- 5.2 Municipalities are advised to consult MFMA Circulars 85 and 86 and incorporate the requirements in preparing its budget documentation. The following are highlights and explanatory notes from MFMA Circular 86:

MFMA Circular 86 Highlights	Circular section
<p>The South African economy and inflation targets</p> <ul style="list-style-type: none"> Domestic GDP growth rate is forecasted to increase moderately over the medium term. Economic growth of 1.3 per cent is projected for 2017, 2.0 per cent in 2018 and reaching 2.2 per cent by 2019. CPI inflation has been estimated at 6.4 per cent for 2016/17 and 2017/18 respectively and forecasted to ease to 5.7 for 2018/19 and 5.6 per cent for 2019/20. 	Section 1
<p>Key focus areas for the 2017/18 Budget process</p> <p>The key focus areas for the 2017/18 Budget Process are:</p> <ol style="list-style-type: none"> Increased conditional grants and additional allocations to local government resulting in local government share of national non-interest spending totalling 9.7 per cent (inclusive of direct and indirect transfers). Municipal Standard Chart of Accounts (mSCOA) Regulations apply to all municipalities with effect from 1 July 2017. Municipalities are advised to consult the addendum to MFMA Circular No. 80 which describes what constitutes mSCOA compliance by 1 July 2017. mSCOA training/support for municipal officials should be directed towards National Treasury in partnership with CIGFARO and Provincial Treasury. 	Section 2
<p>The Revenue Budget</p> <p>Municipalities are required to justify all increases in excess of the 6.4 per cent projected inflation target in their budget narratives.</p> <ol style="list-style-type: none"> Eskom bulk tariff increase - NERSA issued a media statement on 23 February 2017, announcing a 2.2 per cent increase in the approved bulk tariffs for Eskom for 2017/18, which translates to 0.31 per cent increase in bulk tariffs to municipalities which must be used in the interim until the final determination on 5 April 2017. 	Section 3
<p>Funding choices and management issued</p> <ol style="list-style-type: none"> Employee related costs The South African Local Government Bargaining Council entered into a three-year salary and wage collective agreement for the period 1 July 2015 to 30 June 2018 where the following agreement was reached: <ul style="list-style-type: none"> 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent. Remuneration of councillors Municipalities are advised to budget for actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually by the Department of Cooperative Governance. 	Section 4

MFMA Circular 84 Highlights	Circular section
<p>Conditional Grant Transfer to Municipalities</p> <p>5.1 Unspent Conditional Grants for 2016/17</p> <p>Municipalities must be aware that National Treasury uses the pre-audited Annual Financial Statements (AFS) to determine the unspent conditional grants.</p> <p>Municipalities have 14 days to decide upon the receipt of the letter from National Treasury informing them to repay the unspent conditional grants to the National Revenue Fund.</p>	Section 5
<p>The Municipal Budget and Reporting Regulations (MBRR)</p> <ul style="list-style-type: none"> • Municipalities should note that version 6.1 of the A-Schedules (the Excel Formats) which is aligned to version 6.1 of the mSCOA classification framework) contains major changes and must be used when compiling the 2017/18 MTREF Budget. • If municipalities fail to adhere to the MBRR, they will be required to go back to the municipal council and table a complete budget document aligned to the requirements of MBRR. • If municipalities fail to provide complete budget information, the municipal budget will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. • Municipalities must ensure that tabled budgets are funded, and if not it must be corrected to ensure that budgets are funded for adoption and implementation. • Municipal managers must ensure that the annual budget is accompanied by a Quality Certificate and Council Resolution in accordance with format specified in Item 31 of Schedule A of the Municipal Budget and Reporting Regulations. • Municipalities with municipal entities must submit a consolidated budget (A-Schedules) for the municipality (plus entities) and the budget of the parent municipality. D-Schedules must be submitted for each entity. 	Section 6

MFMA Circular 86 Highlights	Circular section								
<p>Budget process and submission for the 2017/18 MTREF.</p> <p>7.1 Budgeting for the audited years on the A-Schedule (mSCOA):</p> <ul style="list-style-type: none"> • Municipalities must disclose audited and current years' (2016/17) information using version 2.8 of the A-Schedules. • The 2017/18 MTREF figures must be based on version 6.1 of the A-Schedule. • By implication two separate schedules must be submitted. <p>7.2 Submitting budget documentation and schedules for 2017/18 MTREF:</p> <ul style="list-style-type: none"> • Budget documentation must be submitted to NT and PT immediately after tabling, in both hard and electronic formats; if tabled on 31 March 2017, the final date of submission electronically is Monday 3 April 2017 and for hard copies Friday 7 April 2017. This include the submission of the mSCOA data string. • Section 24(3) of the MFMA, read together with regulations 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury within ten working days after the council has approved the annual budget. In cases where the council approved the annual on 30 June 2017, the final date for submission is Friday 14 July 2017, otherwise an earlier date applies. • NT electronic documents should be submitted to: lgdocuments@treasury.gov.za or if the budget documentation are too large (exceeds 4 MB) via lgblfiles@gmail.com. • PT electronic documents should be submitted to: MFMA.MFMA@westerncape.gov.za or if too large (exceeds 3 MB) must be submitted via the lfi server function (http://lfi.pgwc.gov.za/). <p>How to lfi:</p> <ol style="list-style-type: none"> 1. Go to the website: http://lfi.pgwc.gov.za/ 2. Type in the email address: MFMA.MFMA@westerncape.gov.za 3. Browse to correct file for uploading 4. Press: Submit <ul style="list-style-type: none"> • Municipalities are required to submit the signed hard copies of their budget documents and council resolutions to the following addresses: <table border="0" data-bbox="462 1444 1066 1556"> <tr> <td>National Treasury</td><td>Provincial Treasury</td></tr> <tr> <td>Ms Linda Kruger</td><td>Mr Paul Plenaar</td></tr> <tr> <td>40 Church Square</td><td>Wale Street, Room 3-50</td></tr> <tr> <td>Pretoria, 0002</td><td>Cape Town, 8000</td></tr> </table> <ul style="list-style-type: none"> • Metropolitan municipalities should submit BEPP to Yasmin.coovadia@treasury.gov.za or if exceeds 4 MB to Yasmin.coovadia@gmail.com. Hardcopies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd Floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001. 	National Treasury	Provincial Treasury	Ms Linda Kruger	Mr Paul Plenaar	40 Church Square	Wale Street, Room 3-50	Pretoria, 0002	Cape Town, 8000	Section 7
National Treasury	Provincial Treasury								
Ms Linda Kruger	Mr Paul Plenaar								
40 Church Square	Wale Street, Room 3-50								
Pretoria, 0002	Cape Town, 8000								

MFMA Circular 84 Highlights	Circular section
<p>7.3 Budget reform returns to the local government database for publication</p> <ul style="list-style-type: none"> • Budget reform returns to be submitted to: lgdatabase@treasury.gov.za. • Municipalities must submit returns for both the tabled budget and the final adopted budget as this will assist the national and provincial treasuries with the annual benchmark process. • mSCOA compliant data strings to be submitted to LG Upload Portal. <p>7.4 Publication of budgets on municipal websites</p> <ul style="list-style-type: none"> • In terms of section 75 of the MFMA, municipalities are required to publish their tabled budget, adopted budgets, annual reports (containing audited and annual financial statements) and other relevant information on the municipal website. • This will assist in promoting public accountability and good governance. <p>7.5 The use of private emails for business purposes</p> <ul style="list-style-type: none"> • There are municipalities that use private email addresses for business purposes (e.g. gmail). • For the purpose of the implementation of mSCOA the Local Government Database requires municipalities to update their contact details and provide official email addresses instead of private. • Municipalities must follow the process of ensuring that their information and Communication Technology infrastructure can accommodate official email addresses. 	

6. CONTENTS OF TABLED BUDGET DOCUMENTS

- 6.1 When an annual budget is tabled in council by the Mayor it must be accompanied by the documents and information as set out in terms of section 17(3)(a-m) of the MFMA:
- 6.1.1 The draft Budget Documentation as set out in Schedule A of the Municipal Budget and Reporting Regulations [Version 6.1], including:
- The main tables (A1 - A10); and
 - The supporting tables (SA1 - SA38).
- 6.1.2 Draft Council Resolution.
- 6.1.3 Draft Integrated Development Plan.

- 6.1.4 Draft Service Delivery and Budget Implementation Plan (SDBIP).
- 6.1.5 Draft Service Level Standards.
- 6.1.6 Signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations.
- 6.1.7 Schedules D, E and F specific for the entities.
- 6.2 Municipalities with one or more municipal entity(ies) are also required to produce a consolidated annual budget for the parent municipality and all its municipal entities in the prescribed formats.
- 6.3 The Provincial Treasury has previously requested municipalities to submit a draft SDBIP with the tabling of the annual budgets in order to aid the "responsiveness" assessment of the tabled budget and IDP. In this regard, municipalities are reminded of Regulation 14(2) of the MBRR which reads, "When complying with section 68 of the Act (MFMA), the municipal manager must submit the draft municipal service delivery and budget implementation plan to the mayor together with the annual budget to be considered by the mayor for tabling in terms of section 16(2) of the Act". Furthermore, Regulation 14(4) of the MBRR reads, "For effective planning and implementation of the annual budget, the draft service delivery and budget implementation plan may form part of the budget documentation and be tabled in the municipal council if so recommended by the budget steering committee".
- 7. **SUBMISSION OF BUDGET DOCUMENTS**
- 7.1 Section 22(b)(i) of the MFMA requires that immediately after an annual budget is tabled in a municipal council it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats.
- 7.2 The Western Cape Provincial Treasury requires the budget documents on the tabling date in order to start with the assessment process. In order to facilitate this, the Provincial Treasury will again deploy officials to attend the budget tabling proceedings and collect the tabled budget documentation.
- 7.3 The Chief Financial Officer (or representative) must ensure that a set of these documents is prepared in both hard and electronic copy, except for the budget policies which are only required in electronic copy. The Chief Financial Officer (or representative) needs to co-sign the accompanying checklist (see Appendix B) as confirmation that the set of budget documents have been submitted.

- 7.4 Please ensure that (as per MFMA Circular 72) each page of the hard copy of the budget documentation as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting Tables (SA1 – SA38) and prescribed minimum narrative information that is submitted to Provincial Treasury (and National Treasury) has been stamped and signed by the secretariat responsible for ensuring accurate records of council decisions.

8. LG MTEC ENGAGEMENTS

- 8.1 The LG MTEC engagements are proposed to take place from 24 April 2017 to 11 May 2017. The proposed Schedule of the LG MTEC engagements is attached as Appendix C.

Municipalities are kindly requested to confirm if the proposed LG MTEC engagement dates are suitable. In setting up the engagement dates we have had to take into account the public holidays over this period. It will be appreciated if you can confirm suitability of the proposed LG MTEC engagement date (together with the tabling date) in writing to Tania.Bosser@westerncape.gov.za by 17 March 2017. Your timeous feedback in this regard will greatly assist in finalising logistical arrangements and will be appreciated.

- 8.2 The assessment of the tabled budget and IDP will be submitted to the municipality 5 working days prior to the engagements.

- 8.3 The structure of the assessment will be as follows:

SECTION 1: EXECUTIVE SUMMARY

SECTION 2: PREVIOUS UNRESOLVED LG MTEC FINDINGS

SECTION 3: COMPLIANCE REVIEW

SECTION 4: INTEGRATED PLANNING

SECTION 5: ENVIRONMENTAL AND DEVELOPMENT PLANNING ANALYSIS

SECTION 6: ASSESSMENT OF BUDGET RESPONSIVENESS

SECTION 7: CREDIBILITY AND SUSTAINABILITY

SECTION 8: MAIN POINTS AND RISKS/RECOMMENDATIONS

- 8.4 Technical engagements may be set up with the Provincial Government prior to the LG MTEC engagement, depending on the need and where it is logistically possible. It will however be the prerogative of the municipality to make contact with the Provincial Treasury to request such an engagement. Municipalities should note that if such an engagement is requested, it has to take place in Cape Town.

8.5 The discussions at the engagements will be pitched at a strategic level. Hence, the representation at the LG MTEC engagements between the Province and municipalities will be as follows:

- The Provincial Government - senior officials from the Provincial Treasury, Department of Local Government, Department of Environmental Affairs and Development Planning, the Department of the Premier and the Economic Development Partnership.
- Municipalities - Municipal Manager, section 56 Managers, Budget and Treasury officials, IDP Manager/officials and Planning officials.

8.6 There will be a joint presentation by Provincial Government on key issues for discussion.

8.7 Municipalities will be required to make presentations at the LG MTEC engagements in response to the Provincial Government's budget and IDP assessment. An agenda and guiding template for this presentation will be sent to municipalities prior to the engagements.

9. CONCLUSION

The Provincial Government wishes you well with the preparation of your Annual Budget, IDP, SDBIP and related documents and look forward to the LG MTEC engagement with your Municipality.

Please direct any queries regarding this circular to:

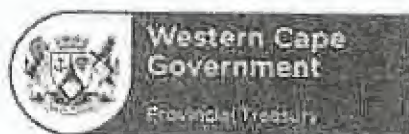
Tembela.Nabe@westerncape.gov.za.



MR ML BOOYSEN

pp CHIEF DIRECTOR: PUBLIC POLICY SERVICES

DATE: 14 March 2017



APPENDIX A

CONFIRMED 2017 BUDGET TABLING DATES

Municipality	Confirmed date
City of Cape Town	30 March 2017, Thursday
Matzikama	31 March 2017, Friday
Cederberg	28 March 2017, Tuesday
Bergivier	28 March 2017, Tuesday
Saldanha Bay	28 March 2017, Tuesday
Swartland	30 March 2017, Thursday
West Coast DM	29 March 2017, Wednesday
Witzenberg	29 March 2017, Wednesday
Drakenstein	29 March 2017, Wednesday
Stellenbosch	29 March 2017, Wednesday
Breede Valley	28 March 2017, Tuesday
Langeberg	27 March 2017, Monday
Cape Winelands DM	30 March 2017, Thursday
Theewaterskloof	29 March 2017, Wednesday
Overstrand	29 March 2017, Wednesday
Cape Agulhas	28 March 2017, Tuesday
Swellendam	28 March 2017, Thursday
Overberg DM	27 March 2017, Monday
Kannaland	31 March 2017, Friday
Hessequa	30 March 2017, Thursday
Mossel Bay	30 March 2017, Thursday
George	28 March 2017, Tuesday
Oudtshoorn	28 March 2017, Tuesday
Bifou	30 March 2017, Thursday
Krysta	30 March 2017, Thursday
Eden DM	31 March 2017, Friday
Laingsburg	31 March 2017, Friday
Prince Albert	20 March 2017, Monday
Beaufort West	30 March 2017, Thursday
Central Karoo DM	27 March 2017, Monday



APPENDIX B

LG MTEC: 2017/18 CHECKLIST
SUBMISSION OF TABLED BUDGET DOCUMENTATION

MUNICIPALITY: _____

The Budget Document as set out in Schedule A1 of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10), version 6.1 of Schedule A1 (the Excel formats) and the supporting Tables (SA1 - SA38).

- Please ensure that (as per MFMA Circular 72) each page of the hard copy of the budget documentation as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting Tables (SA1 - SA38) and prescribed minimum narrative information that is submitted to Provincial Treasury (and National Treasury) has been stamped and signed by the secretariat responsible for ensuring accurate records of council decisions.

The IDP Document as set out in sections 26, 32 and 34 of the Local Government: Municipal Systems Act, No. 32 of 2000 and Regulations (MSA) and section 21 of the Local Government Municipal Finance Management Act 56 of 2003 (MFMA).

The Spatial Development Framework, Disaster Management Framework and additional documents that must be submitted as required in terms of budget circulars.

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
Council Resolution in terms of the Budget						
Draft Service Delivery and Budget Implementation Plan						
Draft Service Level Standards						
Signed Quality Certificate as prescribed in the MBRR						
Prescribed Minimum Budget Narrative Information	Stamped and Signed Hard Copy Budget Narrative					
Budget Narrative						
Municipal Budget Tables: Tables A1 to A10	Stamped and Signed Hard Copy A1 – A10					
Table A1: Budget Summary						
Table A2: Budgeted Financial Performance (revenue and expenditure by standard classification)						
Table A2A: Budgeted Financial Performance (revenue and expenditure by standard classification)						
Table A3: Budgeted Financial Performance (revenue and expenditure by municipal vote)						
Table A3A: Budgeted Financial Performance (revenue and expenditure by municipal vote)						
Table A4: Budgeted Financial Performance (revenue and expenditure)						
Table A5: Budgeted Capital Expenditure by vote, standard classification & funding source)						
Table A5A: Budgeted Capital Expenditure by vote, standard classification & funding source)						
Table A6: Budgeted Financial Position						
Table A7: Budgeted Cash Flow						
Table A8: Cash backed reserves/ accumulated surplus reconciliation						
Table A9: Asset Management						
Table A10: Basic service delivery measurement						

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
Municipal Budget Supporting Tables: Supporting Tables SA1 to SA38	Stamped and Signed Hard Copy SA1 – SA38					
SA1: Supporting Detail to Budgeted Financial Performance						
SA2: Matrix Financial Performance Budget (revenue source/expenditure type and dept.)						
SA3: Supporting detail to Budgeted Financial Position						
SA4: Reconciliation of IDP strategic objectives and budget (revenue)						
SA5: Reconciliation of IDP strategic objectives and budget (operating expenditure)						
SA6: Reconciliation of IDP strategic objectives and budget (capital expenditure)						
SA7: Measurable performance objectives						
SA8: Performance Indicators and benchmarks						
SA9: Social, economic and demographic statistics and assumptions						
SA10: Funding measurement						
SA11: Property rates summary						
SA12a: Property rates by category (current year)						
SA12b: Property rates by category (budget year)						
SA13a: Service Tariffs by category						
SA13b: Service Tariffs by category (explanatory)						
SA14: Household bills						
SA15: Investment particulars by type						
SA16: Investment particulars by type						
SA17: Borrowing						
SA18: Transfers and grant receipts						
SA19: Expenditure on transfers and grant programmes						
SA20: Reconciliation of transfers, grant receipts and Unspent funds						
SA21: Transfers and grants made by the municipality						
SA22: Summary councillor and staff benefits						

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
SA23: Salaries, allowances and benefits (political office bearers/councillors/senior managers)						
SA24: Summary of personnel numbers						
SA25: Budgeted monthly revenue and expenditure						
SA26: Budgeted monthly revenue and expenditure (municipal vote)						
SA27: Budgeted monthly revenue and expenditure (standard classification)						
SA28: Budgeted monthly capital expenditure (municipal vote)						
SA29: Budgeted monthly capital expenditure (standard classification)						
SA30: Budgeted monthly cash flow						
SA31: Aggregated entity budget (where applicable)						
SA32: List of external mechanisms						
SA33: Contracts having future budgetary implications						
SA34a: Capital expenditure on new assets by asset class						
SA34b: Capital expenditure on the renewal of existing assets by asset class						
SA34c: Repairs and maintenance expenditure by asset class						
SA34d: Depreciation by assets class						
SA35: Future Financial implications of the capital budget						
SA36: Detail capital budget						
SA37: Projects delayed from previous financial year						
SA38: Consolidated detailed operational projects						
Budget Related Policies						
Information on any amendments to budget related policies						
Suite of budget related policies	(Only soft copies)					

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
IDP Documentation						
Council Resolution in terms of the IDP (optional for tabling of IDP but compulsory for approval of IDP)						
Draft Integrated Development Plan						
Process Plan according to section 32(1)(b) of the MSA read in conjunction with section 21(b) of the MFMA						
Spatial Development Framework						
A SDF must be adopted as a core component of the 5-year IDP. As such, the status of the SDF must be confirmed together with the intention of the Council in terms of adoption of the SDF (once the Council has adopted the IDP a copy of the Council Resolution must be provided which indicates that the SDF was adopted with the IDP).						
Key SDF performance indicators and performance targets determined in terms of section 21(p) of SPLUMA and section 41 of the MSA.						
Indicate the budget responsiveness in terms of: <ul style="list-style-type: none"> Any SDF compliance and performance issues that require specific action; The strategies, programmes and projects set out in the SDF; and Spatial alignment and sequencing with the budgets of Provincial and National Government. 						
Integrated Waste Management Plan						
An IWMP must be adopted as part of the 5-year IDP. As such, the status of the IWMP must be confirmed together with the intention of the Council in terms of adoption of the IWMP (once the Council has adopted the IDP a copy of the Council Resolution must be provided which indicates that the IWMP was adopted with the IDP).						
Key IWMP performance indicators and performance targets determined in terms of section 12 and 12(3) of NEMWA and section 41 of the MSA.						

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
Indicate the budget responsiveness in terms of:						
<ul style="list-style-type: none"> Any waste management compliance and performance issues that require specific action; and The strategies, programmes and projects set out in the IWMP. 						
Air Quality Management Plan						
An AQMP must be adopted as part of the 5-year IDP. As such, the status of the AQMP must be confirmed together with the intention of the Council in terms of adoption of the AQMP (once the Council has adopted the IDP a copy of the Council Resolution must be provided which indicates that the AQMP was adopted with the IDP).						
Key AQMP performance indicators and performance targets determined in terms of section 15(2) and 17 of NEMAQA and section 41 of the MSA.						
Indicate the budget responsiveness in terms of:						
<ul style="list-style-type: none"> Any air quality management compliance and performance issues that require specific action; and The strategies, programmes and projects set out in the AQMP. 						
Coastal Management Programme (Coastal Municipalities only)						
A CMP must be adopted by Council but may be adopted as part of the 5-year IDP. As such, the status of the CMP must be confirmed together with the intention of the Council in terms of adoption of the CMP (once the Council has adopted the CMP a copy of the Council Resolution must be provided).						
Key CMP performance indicators and performance targets determined in terms of section 49 of ICMA and section 41 of the MSA.						

Budget Documentation	Hard Copy			Soft Copy (correlates with hard copy)		
	Yes	No	N/A	Yes	No	N/A
Indicate the budget responsiveness in terms of: <ul style="list-style-type: none"> Any coastal management compliance and performance issues that require specific action; and The strategies, programmes and projects set out in the CMP. 						
Applicable Disaster Management Plan						
Council Resolution in terms of the adoption of the Disaster Management Plan.						
Financial Plan						
A financial Plan – including a budget projection of at least the next three years as a core component of the IDP as per section 26 of the MSA.						
A statement clarifying compliance with section 34 of the MSA.						
Key performance indicators and performance targets determined in terms of section 41 of the MSA.						
mSCOA						
mSCOA project plan and progress to date.						

MUNICIPAL REPRESENTATIVE

Name: _____

Signature: _____

Date: _____

PROVINCIAL REPRESENTATIVE

Name: _____

Signature: _____

Date: _____



APPENDIX C

2017 PROPOSED LG MTEC BUDGET & IDP VISITATION SCHEDULE

GROUP 1				GROUP 2			
REGION	MUNICIPALITY	DAY OF VISIT	TIME	REGION	MUNICIPALITY	DAY OF VISIT	TIME
WCED	SALEWA/MA BAY	24 April 2017, Monday	08.30-11.30	ED	SWELLENHAM	24 April 2017, Monday	08.30-11.30
WCED	SWARTLAND	24 April 2017, Monday	14.00-17.00	CWD	LANGEBOEG	24 April 2017, Monday	14.00-17.00
CC	OVERBERG	25 April 2017, Tuesday	08.30-11.30	CWD	STERKBERG	25 April 2017, Tuesday	08.30-11.30
CC	THE WATERSHED OF F.C.			CWD	ERENDE VALLEY	25 April 2017, Tuesday	14.00-17.00
CCCT	CITY OF CAPE TOWN	26 April 2017, Wednesday	08.30-11.30	NO SCHEDULED ENGAGEMENTS			26 April 2017, Wednesday
	FREEDOM DAY	27 April 2017, Thursday		FREEDOM DAY			27 April 2017, Thursday
NO SCHEDULED ENGAGEMENTS			28 April 2017, Friday	NO SCHEDULED ENGAGEMENTS			28 April 2017, Friday
		29 April 2017, Saturday				29 April 2017, Saturday	
		30 April 2017, Sunday				30 April 2017, Sunday	
	WORKERS DAY	01 May 2017, Monday			WORKERS DAY	01 May 2017, Monday	
ED	STOU	02 May 2017, Tuesday	14.00-17.00	ED	KARULAND	02 May 2017, Tuesday	14.00-17.00
ED	COLEMAN	03 May 2017, Wednesday	08.30-11.30	ED	OUTENHOOP	03 May 2017, Wednesday	08.30-11.30
ED	EDEN DISTRICT	03 May 2017, Wednesday	14.00-17.00	CKD	SEALFORTH WEST	03 May 2017, Wednesday	14.00-17.00
ED	GEORGE	FC		CKD	CENTRAL KAROO DISTRICT	04 May 2017, Thursday	08.30-11.30
ED	MOSEL BAY	04 May 2017, Thursday	14.00-17.00	CKD	WENDE ALBERT	04 May 2017, Thursday	14.00-17.00
ED	HERENQUA	05 May 2017, Friday	08.30-12.30	CKD	LANGEBOURG	05 May 2017, Friday	10.00-13.00
		26 May 2017, Saturday				06 May 2017, Saturday	
		27 May 2017, Sunday				07 May 2017, Sunday	
CC	OVERBERG DISTRICT	FC		CWD	CAPE WINELANDS DISTRICT	08 May 2017, Monday	08.30-11.30
CC	CAPE AGULHAS	08 May 2017, Monday	11.30-14.30	WCED	WEST COAST DISTRICT	08 May 2017, Monday	14.00-17.00
CWD	DRAKENSTEN	FC		WCED	MAZELMAN	09 May 2017, Tuesday	08.30-11.30
CWD	STELLERBOICH	11 May 2017, Thursday	14.00-17.00	WCED	GEERBERG	09 May 2017, Tuesday	14.00-17.00
				WCED	STERK-VEE	10 May 2017, Wednesday	08.30-11.30

ANNEXURE L
CIRCULAR 82: COST
CONTAINMENT
MEASURES



NATIONAL TREASURY

MFMA Circular No. 82

Municipal Finance Management Act No. 56 of 2003

Cost Containment Measures (updated November 2016)

Purpose

Section 62(1)(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

In terms of the legal framework, the elected councils and accounting officers are required to institute appropriate measures to ensure that the limited resources and public funds are appropriately utilized to ensure value for money is achieved.

The purpose of this Circular is to guide municipalities and municipal entities on cost containment measures that must be implemented in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others.

Background

The national government has been aware of the need to contain costs and Cabinet resolved that all spheres of government, including municipalities and municipal entities must implement measures to contain operational costs and eliminate all non-essential expenditure.

In the 2016 State of the Nation Address, cost containment measures were re-emphasised. It was highlighted that excessive and wasteful expenditure has to be reduced, and that increased action be taken to manage unnecessary expenditure. The following measures were among those announced:

- Curtailment of overseas trips;
- The submission of strong motivation to MM's, Mayors and, where necessary, oversight mechanisms at local, provincial and national spheres of Government by those requesting permission to travel either locally or abroad: i.e. their detailed report including research which argues the necessity of the trip and the benefit the country will achieve in undertaking the journey;
- The institutionalization of further restrictions on conferences, catering, entertainment and social functions.

In reinforcing the above, the Minister of Finance also announced further cost containment measures in his budget speech on 24 February 2016, and urged Mayors of municipalities to exercise and oversee the elimination of wasteful expenditure in

government. SALGA supported the call for cost containment measures to be implemented in municipalities as per the Budget Forum engagements and commitments.

Municipalities must make clear and quantified commitments in this regard when tabling their upcoming budgets, and to reference these commitments when submitting budget documentation to the National and Provincial Treasuries, as required by the MFMA.

Annexure A of this circular presents cost containment measures that accounting officers and chief finance officers must consider in order to contain operational costs and eliminate non-essential expenditure. In addition, municipalities are advised to refer to MFMA Budget Circular No. 70 and other relevant Circulars on the elimination of non-priority spending. (<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>).

Enforcement of cost containment measures

SALGA recently expressed concern over the lack of enforcement of such measures and municipal councils are herewith reminded of Section 171(1) of the MFMA whereby the accounting officer of a municipality commits an act of financial misconduct if that accounting officer deliberately or negligently contravenes a provision of the Act, or fails to comply with a duty imposed by the Act on the accounting officer of the municipality.

Failure to fulfill the duty outlined in section 62(1) (a) of the MFMA may result in the accounting officer committing an act of financial misconduct and that disciplinary or criminal proceedings are instituted against any official who has allegedly committed an act of financial misconduct or an offence in terms of chapter 15. The accounting officer also has a duty to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.

In addition, section 167 of the MFMA provides that a municipality may only remunerate its office bearers within the parameters set out in that section. In particular, sub-section 167(2) provides that any benefit paid that is outside the parameters set out in subsection (1) is irregular expenditure and must be recovered from the political office-bearer concerned.

Details of precisely what a municipality may pay or remunerate its political office bearers are set out in the Notices issued in terms of the Political Office Bearers Act by the Minister of Cooperative Governance and Traditional Affairs.

Municipalities are reminded that the National Treasury will soon be conducting municipal budget benchmark engagements with non-delegated municipalities during which all municipal budgets will be assessed against the cost containment measures outlined in this Circular. Provincial Treasuries will be conducting similar engagements and budget assessments with delegated municipalities.

Consideration has been given to the lack of enforcement measures and therefore it is envisaged that regulations will be issued to align these measures with financial misconduct regulations. Disclosure of cost containment measures applied by the municipality and entity must be included in the Municipal Budget and Annual Report. Measures implemented and regular reports must be submitted to the Municipal Public

Accounts Committee for review and recommendations to Council on additional measures to be taken.

The contents of this Circular has been shared with the office of the Auditor-General for their application, scrutiny and assessment.

Conclusion

It is important that the accounting officer ensures that the content of this Circular is brought to the attention of the Municipal Council and all other relevant officials within municipalities and municipal entities. It is recommended that:

- Municipalities adopt this Circular together with their annual budgets;
- Municipalities are advised to review other finance related policies to ensure consistency with this Circular;
- Municipalities implement the circular by creating the appropriate oversight mechanisms to monitor cost containment measures;
- Implementation of such measures will assist in ensuring that the provisions of sections 62 and 167 of the MFMA are complied with to ensure that reasonable steps are taken for public resources to be used effectively, efficiently, economically and in the best interests of the local community.

Any queries relating to municipalities preparation of municipal budgets in line with the cost containment measures should be directed to the respective National or Provincial Treasury official responsible for monitoring the municipality's budget. The names of these officials can be obtained from MFMA Circular 79 and / or other related MFMA Circulars. This Circular must be tabled before the municipal council for adoption together with the 2016/17 MTREF budget.

Issued on behalf of:

Malljeng Ngqaleni
Intergovernmental Relations

Kenneth Brown
Chief Procurement Officer

Jayce Nair
Acting Accountant-General

Contact



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CHIEF DIRECTOR: MFMA IMPLEMENTATION

30 MARCH 2016

Annexure A – Cost Containment Measures

Cabinet resolved, on 23 October 2013 that cost containment measures must be implemented to eliminate wasteful expenditure, reprioritize spending and ensure savings on the following focus areas among others; engagement of consultants, travel and subsistence costs, issuing of credit cards, accommodation costs, office furnishing costs, advertising or sponsorship costs, catering and events related costs.

It is prudent that Municipalities consider consultation with its employees and through public participation to obtain input and consideration from affected stakeholders such as communities, ratepayers, businesses, and so on which may prove to be beneficial when facilitating the implementation of cost containment policies and actions.

Municipalities are advised to ensure appropriate monitoring and reporting on such cost saving measures is instituted for ease of reporting to management and council on progress on a regular basis. The internal audit unit of municipalities must be copied with such reports.

1. Engagement of Consultants

- Accounting Officers must only contract with consultants after a gap analysis report has confirmed that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required.
- Evidence of acute planning of the project must be visible to all relevant persons including the administration and political oversight mechanisms in place at the municipality.
- Consultants, including construction and infrastructure related services, must only be remunerated at the rates equal to or below those:
 - determined in the "Guidelines on fees for audits done on behalf of the Auditor-General South Africa", issued by the South African Institute of Chartered Accountants (SAICA);
 - set out in the "Guide on Hourly Fee Rates for Consultants", by the Department of Public Service and Administration (DPSA); or
 - Prescribed by the body regulating the profession of the consultant.
- Ensure an exacting "specification" of the work to be accomplished accompanies the tender and is used as a monitoring tool, are appropriately recorded and monitored.
- Ensure that contracts for consultants include retention and penalty clauses for poor performance and in this regard against the above specification, accounting officers must invoke such clauses, where deemed necessary.
- It is mandatory that accounting officers of municipalities and municipal entities conclude on the best "value for money", i.e. matching fees against quality and against benchmarked practices.
- Accounting officers of municipalities and municipal entities must appoint consultants on a time and cost basis with specific start and end dates.
- Travel and subsistence costs for the appointment of consultants must be in accordance with the travel policy of government and the contract price specifies all travel & subsistence costs.

- If travel and subsistence costs for appointed consultants are exclusive of the contract, the costs must be in accordance with the following provisions:
 - a) Hotel accommodation may not exceed the amount mentioned in this Circular;
 - b) Only economy class air tickets may be purchased for flights;
 - c) Only group B vehicles or lower may be hired for engagements, as mentioned in this Circular;
 - d) Kilometres claimed for the use of private vehicles may not exceed the rates approved by the National Department of Transport, as updated from time to time.
- Municipalities are urged to develop consultancy reduction plans.
- Undertake all engagements of consultants in accordance with the SCM Regulations and the municipality's SCM policy.

2. Travel and subsistence

The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights as well as discounted accommodation rates. Therefore municipalities and municipal entities are requested to utilize these agreements to assist in their respective cost containment measures, unless they can negotiate lower air travel rates or utilize other service providers that offer lower rates.

Net and Non-Commissionable Rates

All rates offered to Government as of 1 April 2016 will be net and non-commissionable. This will include the informal accommodation market e.g. Guest Houses and Bed & Breakfast establishments.

Rebates, Overrides, Volume based Income

In the spirit of transparency, the OCPO is taking a firm position on rebates, overrides or any volume driven target incentives being paid by suppliers to Travel Management Company (TMC). As of 1 April 2016 these payments and the practice of overrides is to discontinue for Government business.

2.1 National Travel Policy

The National Treasury will issue a National Travel Policy framework during December 2016.

(http://ocpo.treasury.gov.za/Buyers_Area/Legislation/Pages/default.aspx)

2.2 Air Travel

- The National Treasury has negotiated with South African Airways (SAA) and Comair/British Airways (BA) for upfront discounted air fares for government employees travelling domestically for official purpose. These Domestic Air Travel Fares will be regularly reviewed by the National Treasury (These rates are not applicable for International Air Travel).
- For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business


Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied.

- For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceeds 5 hours, consideration may be applied.
- Treasury entered into a short-term Corporate Agreement from 1 April 2016 to 30 September 2016. This has been extended by a further six months. .
- The premise of "Best Fare on the Day" should be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Municipalities must also request quotations from other Low Cost Carriers. Please note that all discounted rates are subject to class availability.
- In order to make full use of the corporate discount with SAA and BA, municipalities and municipal entities must instruct their appointed TMCs or persons making their bookings for domestic airline tickets, to book against the relevant deal codes as detailed in Annexure B.
- Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agents name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number.
- Accounting officers of municipalities and municipal entities are advised to include a clause in their respective documents that travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with this Circular. Current arrangements need to be updated and amended to reflect these changes.
- Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel.

2.3 Domestic Hotel Accommodation

National Treasury has established maximum allowable rates for domestic accommodation. When sourcing accommodation for officials, municipalities should find options that are equal to or lower than the rates in Table 1, depending on the allowable star grading and the band. Competition and cost effectiveness must remain a key principle.

Table 1: Rates set for Domestic Hotel Accommodation

Voucher Includes	BAND 1	BAND 2	BAND 3
	Room Only Tourism Levy VAT	Bed & Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft Drinks at Dinner
Graded Hotel, Boutique Hotel, Lodge or Resort			
	BAND 1	BAND 2	BAND 3
1 Star	R 580	R 710	R 855
2 Star	R 900	R 1 030	R 1 230
3 Star	R 1 100	R 1 200	R 1 400
4 Star	R 1 250	R 1 350	R 1 550
5 Star	R 2 100	R 2 200	R 2 500
Bed & Breakfast, Country House or Guest house			
	BAND 1	BAND 2	BAND 3
1 Star	R 300	R 450	R 630
2 Star	R 500	R 650	R 830
3 Star	R 900	R 1 050	R 1 230
4 Star	R 1 000	R 1 150	R 1 330
5 Star	R 1 200	R 1 350	R 1 530
Self-Catering*			
	BAND 1	BAND 2	BAND 3
1 Star	R 580		
2 Star	R 900		
3 Star	R 1 100		
4 Star	R 1 250		
5 Star	R 1 450		
Meals**			
	BAND 1	BAND 2	BAND 3
Breakfast	R 120	R -	R -
Lunch	R 150	R 150	R 150
Dinner	R 150	R 150	R -
Total	R 420	R 300	R 150

Accommodation costs are assumed to be inclusive of Parking and Wi-Fi (if available), and exclusive of Laundry expenses.

**Including Exclusive and Shared Facilities. Exclusive facilities offer travellers a sole occupancy unit consisting of one or more bedrooms and self-contained public areas e.g. kitchen, dining area and lounge.*

Shared Facilities consisting of one or more bedrooms and self-contained shared public areas e.g. kitchen, dining area and lounge.

***Maximum amounts that can be claimed for meals. The claim for the actual amounts must be supported by a receipt.*

- If a negotiated rate for a specific star grading is equivalent to or lower than the rate for the lower star grading, the official may be accommodated in the establishment with the higher star grading. This means that an official may be accommodated at a four star establishment if the rate at the four star establishment is the same as or lower than a three star establishment.

- Where there is an alternative star grading indicated in Table 1 (i.e. 4/5 or 3/4), the maximum allowable rate of the lower star grading will be the benchmark. The higher star grading can only be booked if:
 - a. the higher star graded facility is the only available option due to location and availability; or
 - b. the municipality or municipal entity has negotiated lower rates with the higher star graded facility.
- Accounting officers must ensure that overnight accommodation is limited to instances where the distance travelled by road by the employee exceeds 500 kilometres to and from the destination (return journey).

2.4 Vehicle Hire

- Municipalities are encouraged to continue considering their own fleet first, where viable, prior to hiring of vehicles;
- Notwithstanding the provisions above, all employees must make use of shuttle services if the cost of such a service is below the cost of hiring a vehicle.
- Accounting officers must also consider making use of shuttle services if the cost of kilometres claimable by the employee and the cost of parking are higher than the shuttle services.
- Ensure the hiring of vehicles from a category below Group B or an equivalent class. Accounting officers may permit employees to accept up-graded group of hired vehicles if such an up-grade is offered for free or at a lower charge than Group B.
- Vehicle travel claims by employees of municipalities and municipal entities must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work or as may be negotiated using a motor vehicle allowance scheme.

3 Credit Cards

The use of credit and debit cards was addressed in an earlier MFMA Circular.

A bank, or any other institution, may not issue credit cards or debit cards linked to a bank account of a municipality or a municipal entity to any councillors, entity board members, municipal or entity officials or any other person. The issuing and use of such cards be it for official purposes:

- contravenes section 11 and 85 of the MFMA as there is no way of ensuring that all purchases made on the card are in accordance with the items listed in the sections or as prescribed;
- contravenes section 167 of the MFMA which provides that any bursary, loan, advance or other benefit paid to a municipal councillor otherwise than in accordance with the provisions of the Remuneration of Public Office Bearers Act constitutes irregular expenditure;
- contravening section 15 of the MFMA by incurring expenditure not authorised in an approved budget;
- non-compliance with section 184 of the MFMA which provides that no municipality or municipal entity may make loans to councillors or officials of the municipality, directors or officials of the entity or members of the public;
- non-compliance with the supply chain management regulations; and

- undermines efforts to safeguard municipal funds, combat fraud and corruption, as well as other irregular practices.

While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.

Where officials or councillors incur expenses in relation to official municipal activities, they should use their personal credit cards or cash, and request reimbursement from the municipality in accordance with the relevant municipal policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.

4 Catering costs

- Do not incur catering expenses for any meetings where only municipal officials are in attendance. Notwithstanding the above, the accounting officer may incur catering expenses for the following, provided that such lasts for five (5) continuous hours or more:
 - a) The hosting of conferences, workshops, courses, forums, recruitment interviews, training courses, hearings;
 - b) Meetings related to commissions or committees of inquiry; or
 - c) Meetings hosted by municipal councils and the board of directors of municipal entities, including governance committee meetings.
- Ensure that entertainment allowances of qualifying officials do not exceed two thousand rand (R2 000) per person per financial year. The National Treasury may periodically review this amount.
- Do not incur expenses on alcoholic beverages.
- Ensure that team building and social functions, including year-end functions, are not financed from the municipal budgets or by any suppliers or sponsors.
- Notwithstanding the above, accounting officers may incur no more than the petty cash allocation or limitations on expenditure from their respective budgets to host farewell functions to employees who are either:
 - (a) proceeding on retirement due to ill health; or
 - (b) proceeding on retirement after reaching the qualifying age limit of a minimum of ten (10) or more years working for the public service.
- Accounting officers and accounting authorities may not host farewell functions for employees who have:
 - (a) been dismissed;
 - (b) elected to resign or leave by accepting severance packages; or
 - (c) Approached the end of their contractual term.

5 Events, advertising and sponsorships

- Eliminate wasteful expenditure on events, advertising in magazines, television, newspapers etc. where the municipality can use other cost effective means such as websites to market the institution or properly publicise the matters or events under consideration.

- Memorabilia, gifts and other novelties should be of token value only and should only be offered by municipalities and municipal entities in order to acknowledge support or a visit or attendance by a dignitary in connection with a benefit to the local community; to reciprocate the giving of a similar token gift by another organisation; or similar but in all cases there must be an identifiable benefit to the community.
- Limit or stop all unnecessary expenditure on matters such as printing of shirts, hosting of sporting events, festivals and other associated events, cruises, lavish functions, and extraordinary costs associated with visits of dignitaries or induction of new councillors.

6 Conferences, meetings, study tours, etc.

- Employees of municipalities and municipal entities may attend conferences hosted by professional bodies or non-governmental institutions (external conferences) held within the borders of South Africa provided that expenses related to their attendance do not exceed two thousand five hundred rand (R2 500) per person per day. In instances where the cost exceeds this amount, officials must obtain prior approval from the accounting officer. The number of municipal officials attending such conferences and workshops must be limited, see below. The National Treasury may periodically review this amount.
- Employees must make every effort to take advantage of early registration discounts by seeking the required approvals to attend well in advance of the conference as it relates to their area of work. No late registration is acceptable.
- Conferences abroad must be limited to its ultimate minimum or none at all.
- Utilise municipal and/or provincial office facilities for conferences, meetings, strategic planning sessions etc. where an appropriate venue exists within the municipal jurisdiction.
- Limit or stop overseas trips and the delegations going on such trips unless a tangible and clear benefit to the local community and performance of essential service provision can be established beforehand.
- The number of employees travelling to conferences or meetings on official duty for the same matter is limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.
- Similar to the above, the number of employees travelling by air to other centres to attend an official engagement on the same matter is also limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.

7 Office furnishing

- Municipalities should exercise due precaution in refurbishing offices, purchasing equipment, etc. especially when new persons are elected or appointed. Use of existing facilities and equipment is encouraged.
- Office furnishing, when required, should be contained to minimal costs, avoiding elaborate and expensive furniture or equipment.

8 Staff study, perks and suspension costs

- Training attended by employees and councillors of municipalities and municipal entities may only be attended at pre-approved service providers to ensure sufficient quality of training and obtain value for money.
- Expenditure associated with overseas study tours by councillors or officials must be reduced and preferably stopped.
- Encourage staff to take time off to make up for overtime worked.
- Planned overtime must be submitted to management for consideration on a monthly basis.
- Unplanned overtime worked must be motivated and approved by management.
- Costs associated with long-standing staff suspensions and legal costs associated with not following due processes when suspending and dismissing staff must be eliminated.
- Constant management of staff, improvements in productivity levels and feedback must be provided to all staff.

9 Cost containment on other related expenditure items

- Accounting officers of municipalities and municipal entities are advised to ensure that all commodities and products that the National Treasury designated as transversal contracts are utilised to benefit from savings where lower prices or rates have been negotiated.
- Periodic or quarterly threat assessments against councillors and key officials should be undertaken by the appropriate authority (SAPS) and reported to the Speakers Office. Approval for security measures must be informed by such reports, if paid for from municipal funds. The use of metropolitan traffic officers for such purposes should be avoided.
- Municipal funds may not be used to fund election campaign activities, including the provision of supporting material, clothing, food, inducements to vote either as part of, or during election rallies.
- Printing of documents should carefully considered be back-to-back and use of colour printing for graphs only, while use of electronic means should be preferred.
- Review and introduce limits on municipal staff telephones and limiting private call to a reasonable amount.
- Every effort must be made to recover debt from consumers before write-off. Municipalities to avoid the excessive usage of debt collectors and improve its internal capacity for debt collection.
- Ensure synergy between municipal divisions or departments to avoid duplication of processes and efforts.
- Where possible the warranties on vehicle and computer equipment should be extended instead of procuring new ones.
- Labour saving devices should be shared to optimize the capacity utilization of each device.
- Purchasing of newspapers and other publications for municipal employees to limited and stopped.
- Municipalities should ensure that awareness is raised with municipal staff so that a high degree of energy saving measures can be introduced, e.g. air-conditioning and lights in buildings are switched off at night and when offices are not in use.

- All other cost containment measures introduced by council are also encouraged and supported.

Annexure B: BA/COMAIR and SAA Deal Codes per Municipality

Municipalities and municipal entities should use the following codes when requesting quotes from BA/COMAIR.

MUNICIPALITIES	
NAME	DEAL CODE
EASTERN CAPE	
Alfred Nzo District Municipality Matatiele, Mbizana, Ntabankulu and uMzimvubu	1020907
Amathole District Municipality Amahlathi, Mquma, Ngqushwa, Raymond Mhlaba, Mbashe and Great Kei	1020906
Buffalo City Metropolitan Municipality	1020901
Chris Hani District Municipality Emalahleni, Engcobo, Intsika, Inxuba, Sakhisizwe and Enoch Mgijima	1020908
Joe Gqabi District Municipality Elundini, Walter Sisulu and Senqu	1020909
Nelson Mandela Bay Metropolitan Municipality	1020899
OR Tambo District Municipality Ingquza Hill, King Sabata Dalindyebo, Mhlontlo, Nyandeni and Port St Johns	1020903
Sarah Baartman District Municipality Dr Beyers Naudé, Blue Crane Route, Makana, Ndlambe, Sundays River Valley, Kouga and Kou-kamma	1020921
FREE STATE	
Fezile Dabi District Municipality Mafube, Mqheke, Metsimoholo and Ngwathe	1020922
Lejweleputswa District Municipality Masilanyana, Matjhabeng, Nala, Tokologo and Tswelopele	1020923
Mangaung Metropolitan	1020923
Thabo Mafutsanyana District Dihlabeng, Maluti - a- Phofung, Mantsopa, Nketoana, Phumelela and Setsoto	1020924
Xhariep District Kopanong, Letsemeng and Mokokare	1020925
GAUTENG	
City of Johannesburg Metropolitan	1020900
City of Tshwane Metropolitan	1020898
Ekurhuleni Metropolitan	1020904
Sedibeng District Emfuleni, Lesedi and Midvaal	1020926
West Rand District Merafong, Mogale City, Rand West	1020927
KWAZULU-NATAL	
eThekweni Metropolitan	1008810
ILembe District Municipality KwaDukuza, Mandeni, Maphumulo and Ndwedwe	1020929
Harry Gwala District Municipality Greater Kokstad, Uhlebezwa, Umzimkhulu and Dr Nkosazana Dlamini Zuma	1020835

MUNICIPALITIES	
NAME	DEAL CODE
Ugu District Municipality	1020836
uMdoni, Umzumba, uMuziwabantu and Ray Nkonyeni	
uMgungundlovu District Municipality KZN	1020837
uMshwathi, uMngeni, Mpofana, Impendle, Msunduzi, Mkhambathini and Richmond	
uMkhanyakude District Municipality KZN	1020838
Umhlabuyalingana, Jozini, Mubatuba and Big Five Hlabisa	
uMzinyathi District Municipality KZN	1020839
Endumeni, Nguthu, Mshga, Umvoti	
uThukela District Municipality	1020840
Okhahlamba, iNkosi Langalibalele and Alfred Duma	
King Cetshwayo district Municipality	1020841
uMfolozi, uMhlatuze, uMlalazi, Mhlonjaneni and Nkandla	
Zululand District Municipality KZN	1020842
eDumbe, uPhongolo, Abaqulusi, Nongoma and Ulundi	
LIMPOPO	
Capricon District Municipality	1020843
Bloubaerg, Lepelle-Nkumpi, Molemole and Polokwane	
Mopani District Municipality	1020844
Ba-Phalaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen and Maruleng	
Sekhukhune District Municipality LM	1020845
Ephraim Mogale, Elias Motsoaledi, Makhuduthamaga and LIM476	
Vhembe District Municipality LM	1020846
Musina, Thulamela, Makhado and LIM345	
Waterberg District Municipality	1020847
Thabazimbi, Lephalale, Bela Bela, Mogalakwena and LIM 368	
MPUMALANGA	
Ehlanzeni District Municipality	1020902
Thaba Chweu, Nkomazi, Bushbuckridge and City of Mbombela	
Gert Sibande District	1020848
Albert Luthuli, Dipaleseng, Govan Mbeki, Lekwa, Mkhondo, Msukaligwa and Pbdoy Ka Isaka Seme	
Nkangala District	1020849
Dr JS Moroka, Emakhazeni, Emalahleni, Steve Tshwete, Thembsile Hani and Victor Khanye	
NORTH WEST	
Bojanala Platinum District	1020850
Kgetlengrver, Madiheng, Moretele, Moses Kotane and Rustenburg	
Dr Kenneth Kaunda District Municipality	1020851
City of Matlosana, Maquassi and NW405	
Dr Ruth Segomotsi Mompati District Municipality	1020852
Greater Taung, Kagisano-Molopo, Lekwa-Teemane, Mamusa and Naledi	
Ngaka Modiri Molema District Municipality	1020853
Disobotla, Makheng, Ramotshere, Ratlou and Tswaing	
NORTHERN CAPE	
John Taolo Gaetsewe	1020909
Ga-Segonyana, Joe Morolong and Gamagara	
Namakwa	1020856

MUNICIPALITIES	
NAME	DEAL CODE
Hantam, Kamiesberg, Karoo Hoogland, Khai-Ma, Nama Khol and Richtersveld	
Pixley Ka Seme Emthanjeni, Kareeberg, Renosterberg, Siyancuma, Siyathemba, Thembelhle, Ubuntu and Umsobomvu	1020857
ZF Mgcawu IKali Garib, IKheis, Tsantsabane, Kgatelopele and Dawid Kruiper	1020858
WESTERN CAPE	
Cape Winelands District Municipality Witzenberg, Drakenstein, Stellenbosch, Breede Valley and Langeberg	1020859
Central Karoo District Municipality Beaufort West, Lingsburg and Prince Albert	1020859
City of Cape Town Metro	1008771
Eden District Municipality Bitou, George, Hessequa, Kannaland, Kynsna, Mossel Bay and Oudtshoorn	1020861
Overberg District Municipality Cape Agulhas, Overstrand, Swellendam and Theewaterskloof	1020862
West Coast District Municipality Bergrivier, Cederberg, Matzikama, Swartland and Saldanha Bay	1020863

Municipalities and municipal entities not listed above should use the following details to contact BA/Comair to obtain a deal code:

Contact Details

Nangamso Letlape: National Account Manager: Government
Nan.letlape@comair.co.za

Municipalities and municipal entities should use the following deal code when requesting quotations from SAA: CK3828. In order to arrange access to the deal codes, travel management companies servicing municipalities and municipal entities should contact the following SAA representatives:

Contact Details

Eastern Cape: Tracy Mentzel (tracymentzel@flysaa.com)
 Western Cape: Enid Sinequan (enidsinequan@flysaa.com)
 KwaZulu-Natal: Kriba Govender (kribagovender@flysaa.com)
 All other provinces: Mark Steele (marksteele@flysaa.com)

ANNEXURE M

MFMA CIRCULAR 85: MUNICIPAL BUDGET



NATIONAL TREASURY

MFMA Circular No. 85

Municipal Finance Management Act No. 56 of 2003

Municipal Budget Circular for the 2017/18 MTREF

CONTENTS

1.	THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS.....	2
2.	KEY FOCUS AREAS FOR THE 2017/18 BUDGET PROCESS.....	3
2.1	LOCAL GOVERNMENT CONDITIONAL GRANTS AND ADDITIONAL ALLOCATIONS.....	3
2.2	MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA).....	4
2.3	REPORTING INDICATORS.....	5
3.	DEVELOPMENT OF INTEGRATED DEVELOPMENT PLAN (IDP).....	6
4.	THE REVENUE BUDGET.....	6
4.1	MAXIMISING THE REVENUE GENERATION OF THE MUNICIPAL REVENUE BASE.....	6
4.2	ESKOM BULK TARIFF INCREASES.....	7
4.3	WATER AND SANITATION TARIFF INCREASES.....	7
5.	FUNDING CHOICES AND MANAGEMENT ISSUES.....	7
5.1	EMPLOYEE RELATED COSTS.....	8
5.2	REMUNERATION OF COUNCILORS.....	8
6.	CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES.....	8
6.1	PLEDGING OF CONDITIONAL GRANTS.....	8
7.	THE MUNICIPAL BUDGET AND REPORTING REGULATIONS.....	8
7.1	ASSISTANCE WITH THE COMPILATION OF BUDGETS.....	9
8.	BUDGET PROCESS AND SUBMISSIONS FOR THE 2016/17 MTREF.....	10
8.1	BUDGETING FOR THE COST OF FREE BASIC SERVICES.....	10
8.2	SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2017/18 MTREF.....	10
8.3	BUDGET REFORM RETURNS TO THE LOCAL GOVERNMENT DATABASE FOR PUBLICATION.....	11
8.4	PUBLICATION OF BUDGETS ON MUNICIPAL WEBSITES.....	11
8.5	MUNICIPAL MONEY AND THE NATIONAL TREASURY DATA PORTAL.....	12
	ANNEXURE A – CHANGES TO SCHEDULE A1 – THE ‘EXCEL FORMATS’.....	13

Introduction

This budget circular guides municipalities on the preparation of the 2017/18 Medium Term Revenue and Expenditure Framework (MTREF) and should be referenced to previous annual budget circulars. Among the objectives of this circular is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this circular is the implementation of municipal Standard Chart of Accounts (mSCOA) and addressing municipal revenue generation challenges.

1. The South African economy and inflation targets

The 2016 Medium Term Budget Policy Statement emphasised that the global recovery from the 2008 financial crisis remains precarious, with growth forecast at 3.1 per cent in 2016 and 3.4 per cent in 2017. In developed economies, the combination of weak economic growth, low or negative interest rates, and elevated asset prices has increased the likelihood of renewed financial volatility. Countries that are highly reliant on foreign savings, such as South Africa, will remain vulnerable to global financial volatility and rapid capital outflows. While global economic weakness plays a large role in South Africa's economic growth performance, domestic constraints stand in the way of investment, output and trade.

Domestic GDP growth for 2016 was forecasted at 0.9 per cent at the time of the 2016 Budget and it has since been revised to 0.5 per cent. It is anticipated that factors such as a more reliable electricity supply, improved labour relations, low inflation, a recovery in business and consumer confidence, stabilising commodity prices and stronger global growth will increase growth to 2.2 per cent by 2019. Furthermore, the country has experienced a decline in mining growth and weakened agricultural outputs as a result of the drought while growth in transport and telecommunications, electricity, gas and water have declined because of weakened demand.

In the 12 months to June 2016, employment fell by 112 000 jobs although employment growth was achieved in most larger urban municipalities. In the context of an unfavourable economic and investment climate, the unemployment rate increased from 25 per cent to 26.6 per cent. According to the June 2016 Quarterly Employment Statistics, all sectors, with the exception of construction, shed jobs in the second quarter of 2016. A turnaround of these bleak unemployment statistics will require higher economic growth and renewed private-sector investment.

These economic challenges will continue to pressurise municipal revenue generation and collection hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The following macro-economic forecasts must be considered when preparing the 2017/18 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2015 - 2019

Fiscal year	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Estimate	Forecast		
CPI Inflation	4.6%	6.4%	6.1%	5.9%	5.8%

Source: Medium Term Budget Policy Statement 2016.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2017/18 budget process

2.1 Local government conditional grants and additional allocations

The 2016 *Medium Term Budget Policy Statement* indicates that for the 2017 MTEF period, transfers to local government total R366.3 billion, of which 61.8 per cent is transferred as unconditional allocations while the remainder is conditional grants. National funding to local government has increased to R112.5 billion or 9.1 per cent of the national revenue for 2017/18 and is expected to increase to R132.3 billion by 2019/20.

The purpose of conditional grants is to deliver on national government service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding. The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.

Municipalities are advised to use the indicative numbers presented in the 2016 Division of Revenue Act to compile their 2017/18 MTREF. In terms of the outer year allocations (2019/20 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as proposed in the 2016 Division of Revenue Act for 2017/18. The DoRA is available at <http://nlintranet/legislation/acts/2016/Default.aspx>

It is imperative that municipalities reflect all their grant allocations in accordance with the Division of Revenue Bill to be published in February 2017 after the budget speech by the Minister of Finance, and plan effectively to utilise these allocations appropriately so that requests for roll-overs of conditional grants are avoided.

Changes to local government allocations

- The *local government equitable share* will grow at an average annual rate of above 9 per cent over the MTEF, this is as a result of funds that will be added in 2018/19 and 2019/20 to offset the cost pressures of water and electricity purchases which continue to grow faster than inflation. The local government equitable share formula will also be updated with the 2016 Community Survey data.
- Four local government conditional grants, namely, the *public transport network grant*, the *water services infrastructure grant*, the *municipal infrastructure grant* and the *urban settlements development grant* will be reduced to avail resources for fiscal consolidation and the funding of urgent priorities. In spite of the decreased allocations each of these grants will grow by at least 5 per cent annually over the 2017 MTEF period.
- Funds reprioritised out of:
 - the *expanded public works programme integrated grant* to municipalities to fund the expanded mandate of the Commission for Conciliation, Mediation and Arbitration (as the commission will be providing its services to additional sectors);
 - the *indirect integrated national electrification programme (Eskom) grant*, mainly to fund the management of nuclear waste; and
 - the *indirect regional bulk infrastructure grant* of which small amounts will be utilised to augment funding for water catchment management agencies in the two outer years of the MTEF.

- An additional R50.6 million will be added to the *indirect water services infrastructure grant* to fund the provision of emergency water supplies to drought-affected communities.

Reforms to local government fiscal framework

The National Treasury continues to lead a review of the local government infrastructure conditional grants. The merger of several conditional grants and the trend towards greater grant consolidation over the MTEF are among the outcomes of this review process.

Proposed reforms commencing from 2017 include:

- The introduction of performance incentives for urban infrastructure grants, as well as a new dispensation for large cities other than the metros, that better respond to built-environment challenges and growth opportunities;
- The refinement of grant allocation rules to encourage budgeting for routine maintenance. This will complement changes that are already in place to permit grants to fund the refurbishment of infrastructure; and
- Introducing greater differentiation between urban and rural areas. Secondary cities in particular will see changes to their planning requirements.

A shift of funds from the *integrated national electrification programme (municipal) grant* for projects in metropolitan municipalities to the *urban settlements development grant* in 2017/18 is still being discussed with the relevant departments. This shift is likely to improve the coordination of the delivery of electrical infrastructure with other basic services and make the co-funding of projects easier.

2.2 Municipal Standard Chart of Accounts (mSCOA)¹

The mSCOA Regulations apply to all municipalities and municipal entities with effect from 1 July 2017. This means that the compilation of the 2017/18 Medium-Term Budget and Expenditure Framework (MTREF) must be compliant with the mSCOA classification framework.

It is imperative that municipalities are familiar with the addendum to MFMA Circular No. 80 which describes what constitutes mSCOA compliance by 1 July 2017.

In summary, compliance to mSCOA by 1 July 2017 requires that municipalities have the following in place:

- Systems-Integrated Integrated Development Plan (IDP);
- Systems-Integrated budget module; and
- Systems that enable transacting across the seven segments of mSCOA with subsystems seamlessly integrating to the core system.

All the tabled 2017/18 MTREF budgets and the IDP submissions will be assessed in March 2017 for mSCOA compliance. National Treasury has a dedicated website to support municipalities with their mSCOA readiness efforts.

For more information on mSCOA and other benefits of the reform, visit: <http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

¹ The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.

2.3 Reporting Indicators

The National Treasury is finalising the process of rationalising the built environment reporting regime for the eight metropolitan municipalities with an aim to reduce the reporting burden, whilst also creating a set of indicators that will enable government to monitor progress on the integrated and functional outcomes. Significant progress has been made with the introduction of integrated outcomes indicators, whilst rigorous consultation is underway to rationalise the inputs, activities and output indicators.

The metropolitan integrated outcome indicators are linked to the Built Environment Performance Plans (BEPPs) and therefore the Integrated City Development Grant (ICDG); whereas the inputs, activities and process indicators are linked directly to mSCOA. Outputs indicators are linked directly to the Service Delivery Budget Implementation Plan (SDBIP). When finalised, these indicators will assist the process of standardising the SDBIP, a significant streamlining of reporting requirements to national government.

For metropolitan municipalities, the Urban Settlement Development Grant (USDG) performance matrix remains a framework of presenting the targets and baselines for the built environment as currently adopted budget in the 2015/16 financial year. However, the finalisation of the rationalisation process will replace the performance matrix. The indicators agreed upon through the rationalisation process to achieve functional outcomes and key outputs will be incorporated into the new standardised SDBIP template process. The integrated outcomes indicators were finalised as part of the BEPPs annual process whilst the work on the functional outcomes and functional output indicators is being finalised for the next budget cycle. These reforms will progressively be extended to non-metropolitan municipalities over the medium term.

3. Development of Integrated Development Plan (IDP)

Municipalities are in the process of developing their next 5 year IDPs which is an opportunity to re-assess the long term development vision in the context of key global and national policies and priorities including the Sustainable Development Goals, the National Development Plan, Integrated Urban Development Framework and the Back-to-Basics Programme. IDPs should reflect catalytic programmes and projects to be implemented by national and provincial government as well as State Owned Entities within their municipal boundaries and illustrate how these are aligned to the municipal development agenda. These include but are not limited to:

- Strategic Infrastructure Projects (SIPs);
- Special Economic Zones (SEZs);
- Agri-parks; and
- Catalytic housing projects.

The Municipal Systems Act, 2000 (Act No. 32 of 2000) provides that municipalities should undertake an integrated development planning process that integrates all sectors' strategies, programmes and projects to promote integrated development in communities. Municipal planning must be more strategic and cross-sectoral (integrated), and the IDP as the key planning tool, must be used to deliver this strategic and cross-sectoral planning vision at a local level.

It is however, acknowledged that some municipalities have already developed their sector plans. In order to ensure that integrated development is realised, municipalities are advised to, as part of the IDP development process, review these plans to ensure that they are in line with key national and provincial government policies and programmes.

Municipalities must also ensure that there is closer alignment of the planning instruments and budgets as well as mechanisms for monitoring progress and performance. Both the mSCOA and reporting reforms provide essential tools to strengthen coordination and oversight in this respect.

Metropolitan municipalities have already made progress in aligning their planning instruments with the budget through the BEPPs. The guidelines on the preparation of the BEPPs clearly articulate the relationship between the Municipal Spatial Development Framework (MSDF) and the IDP.

All municipalities are encouraged to refer to the 2017/18 BEPPs guidelines available on National Treasury's website at:
<http://mfma.treasury.gov.za/Documents/Forms/AllItems.aspx?RootFolder=%2fDocuments%2f02%2e%20Built%20Environment%20Performance%20Plans%2f2017-18%2f1%2e%20BEPP%20Guidelines%202017-18&FolderCTID=%5b7b94CA1A01->

4. The revenue budget

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation has however breached the upper limit of the 3 to 6 per cent target band; therefore municipalities are now required to *justify all increases in excess of the 6.1 per cent projected inflation target* in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.

4.1 Maximising the revenue generation of the municipal revenue base

Municipalities must make a greater effort to integrate the work of their Town Planning and Valuations functions. This will ensure that every new property development, improvements to existing properties and changes to property usage and other such influences are correctly processed and filtered to the billing system. This will enable timeous and accurate updating of municipal accounts. The completeness, correctness and validity of the General Valuation Roll and supplementary valuations as well as resolving any objections to property values within the prescriptions of the Municipal Property Rates Act, 2004 (Act No.6 of 2004), are fundamental to protecting and growing the municipal revenue base.

In addition, the necessary reconciliations must be in place to ensure that the correct tariffs are applied for property rates and all trading services, that the correct accountholders are billed and that the municipal accounts are reaching the customers who are responsible for payment. These are among the minimum requirements of creating a *"positive and reciprocal relationship between persons liable for making payment to the municipality and the municipality or service provider"* as per section 95 of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

When municipalities fail to achieve these minimum legally prescribed requirements there is a greater risk of burdening customers with higher tariff increases to compensate for operational inefficiencies.

It is therefore necessary for municipalities to ensure that their tariffs are adequate to, at the minimum, cover the costs of bulk services and also to ensure that all properties are correctly billed for property rates and all services rendered.

4.2 Eskom bulk tariff increases

In terms of the Multi-Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of 8 per cent has been approved for the 2017/18 financial year.

Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability. Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2017/18 MTREF budget.

4.3 Water and sanitation tariff increases

The 2015 Municipal Services Strategic Assessment report (MuSSA) issued by the Department of Water and Sanitation shows that the majority of municipal Water Service Authorities (WSAs) are operating their water services at a loss. This performance is as a result of, amongst others, implementation of tariffs that are not cost-reflective and unsubstantiated institutional arrangements between districts (WSAs) and local municipalities. It is problematic that there are no clear responsibilities with respect to bulk purchases, billings and collections, the allocation of revenue collected and maintenance of water infrastructure between the districts and their local municipalities.

Municipalities must improve revenue generation from this service through better financial management, demand management, maintenance and meter reading as it will enable payment of creditors such as water boards. This baseline information is critical to tariff setting and budget compilation. Municipalities in arrears with water boards should ensure that their payment arrangements are effected in their 2017/18 MTREF budget.

The previous MFMA budget Circular No. 78 advised municipalities that had historically set tariffs too low to facilitate cost recovery, to develop a pricing strategy to phase-in the necessary tariff increases in a manner that distributes the impact on consumers over a period of time. The introduction of *m*SCOA provides for a costing segment which, when correctly utilised, will assist municipalities to determine the full cost of rendering trading services such as water and electricity.

In light of the current drought experienced across large parts of the country, water is now a scarce resource that must be conserved. Municipalities must put in place appropriate strategies to curb water losses as a result of leakages. The ageing infrastructure is a contributing factor as many municipalities have historically inadequately provided for repairs and maintenance and renewal of water infrastructure. There is now a national initiative underway to encourage consumers to conserve water; and there are several municipalities that have imposed water restrictions. These municipalities have introduced penalty tariffs for non-compliant consumers and they rely on consumer reports and/or complaints to address any non-compliance. Monitoring water consumption is critical and this means reliance on meter reading information to assess consumption patterns or trends and inspections. Municipalities must ensure that any drought penalty tariffs are provided for in their tariff policy to be tabled in March 2017; another option is to incorporate the penalty tariffs in the Inclining Block Tariff (IBT) structure.

5. Funding choices and management issues

The Circular clearly outlines that, as a result of the economic landscape and weak tariff setting, municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore municipalities must consider the following when compiling their 2017/18 MTREF budgets:

- improving the effectiveness of revenue management processes and procedures;
- paying special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities;
- the affordability of providing free basic services to all households; and
- curbing consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

5.1 Employee related costs

The South African Local Government Bargaining Council entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The previous years were:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

5.2 Remuneration of councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.

6. Conditional Grant Transfers to Municipalities

6.1 Pledging of conditional grants

In terms of the MFMA Circular No.79 and the pledging process outlined in MFMA Circular No. 51, municipalities are required to send the National Treasury a comprehensive pledge request for the implementation of projects to be accelerated. Upon approval of the pledge request a progress report must be submitted to National Treasury and when concluded, a close out report indicating the actual expenditure of the amount received from associated borrowings and the difference between what was planned and what was implemented.

Furthermore, the municipality must submit to National Treasury, a signed council resolution approving the pledge application together with a letter from the relevant national department supporting such application. National Treasury will NOT grant any extensions of the pledge period as this defeats the purpose of accelerating projects that are ready for implementation.

7. The Municipal Budget and Reporting Regulations

National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats) which is aligned to version 6.1 of the mSCOA classification framework which must be used when compiling the 2017/18 MTREF budget. This version incorporates major changes (see Annexure A). Therefore ALL municipalities MUST use this version for the preparation of their 2017/18 MTREF budget.

Download Version 6.1 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:
<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole	012-315 5044	Templeton.Phogole@treasury.gov.za
	Matjati Mashoeshoe	012-315 6567	Matjati.Mashoeshoe@treasury.gov.za
Free State	Vincent Malepa	012-315 5539	Vincent.Malepa@treasury.gov.za
	Cethkile Moshane	012-315 5079	Cethkile.moshane@treasury.gov.za
	Katlego Mabiletsa	012-395 6742	Katlego.Mabiletsa@treasury.gov.za
Gauteng	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
	Nomxolisi Mawulana	012-315 5460	Nomxolisi.Mawulana@treasury.gov.za
KwaZulu-Natal	Bernard Mokgabodi	012-315 5936	Bernard.Mokgabodi@treasury.gov.za
	Johan Botha	012-315 5171	Johan.Botha@treasury.gov.za
Limpopo	Una Rautenbach	012-315 5700	Una.Rautenbach@treasury.gov.za
	Sifiso Mabaso	012-315 5952	Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Jordan Maja	012-315 5663	Jordan.Maja@treasury.gov.za
	Anthony Moseki	012-315 5174	Anthony.Moseki@treasury.gov.za
Northern Cape	Willem Volgt	012-315 5830	Willem.Volgt@treasury.gov.za
	Mandla Gillman	012-315 5807	Mandla.Gillman@treasury.gov.za
North West	Sadesh Ramjathan	012-315 5101	Sadesh.Ramjathan@treasury.gov.za
	Makgabo Mabotja	012-315 5156	Makgabo.Mabotja@treasury.gov.za
Western Cape	Templeton Phogole	012-315 5044	Templeton.Phogole@treasury.gov.za
	Kevin Bell	012-315 5725	Kevin.Bell@treasury.gov.za
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	ldataqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in Item 31 of Schedule A of the Municipal Budget and Reporting Regulations.

The National Treasury would like to emphasise that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, *they will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations. In addition, where municipalities have adopted an unfunded budget, they will be required to correct the budget to ensure it adopt and implement a funded budget.*

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;

- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The A Schedule that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. D schedules must be submitted for each entity.

8. Budget process and submissions for the 2016/17 MTREF

8.1 Budgeting for the cost of Free Basic Services

The basic services component of the equitable share includes funding for the provision of free basic water (six kilolitres per poor household per month), energy (50 kilowatt-hours per month), sanitation and refuse (based on service levels defined by national policy). Municipalities must ensure that the cost of providing free basic services to indigents is captured on table SA9. This will result in the cost being deducted from revenue on table SA1.

Municipalities must further ensure that any subsidies in excess of the limits as provided in the equitable share allocation are not included on table SA9 as cost of providing of free basic services, however should be deducted as revenue foregone on table SA1. The cost of free basic services funded from the equitable share is disclosed on table SA1 while the revenue cost of subsidised services is on table A10. This will allow for comparison of the cost incurred by municipalities in providing free basic services to poor households and the amount received from the national government for this purpose.

The change in the treatment of cost of free basic services indicates that municipalities must not disclose the support to indigents on table SA21 "Transfers and grants". This change will also improve the quality of information on table A10.

8.2 Submitting budget documentation and schedules for 2017/18 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(1) of the MFMA requires that, *immediately* after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 31 March 2017, the final date of submission of the electronic budget documents and corresponding electronic returns is Monday, 03 April 2017. The deadline for submission of hard copies including council resolution is Friday, 7 April 2017.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury *within ten working days* after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2017, the final date for such a submission is Friday, 14 July 2017, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 6.1) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;

- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations; and
- schedules D, E and F specific for the entities.

Municipalities are required to send electronic versions of documents and the A1 schedule to lgdocuments@treasury.gov.za.

If the budget documents are too large to be sent via email (exceeds 4MB) please submit to lgbigfiles@gmail.com. Any problems experienced in this regard can be addressed with Elsabe Rossouw at Elsabe.Rossouw@treasury.gov.za.

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

In addition to the above mentioned budget documentation, metropolitan municipalities must submit the Built Environment Performance Plan (BEPP) tabled in council on 30 May 2017 to Yasmin.coovadia@treasury.gov.za. If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to yasmin.coovadia@gmail.com or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with Yasmin.Coovadia@treasury.gov.za. Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

8.3 Budget reform returns to the Local Government Database for publication

Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to lgdatabase@treasury.gov.za. Municipalities must submit returns for both the draft budget and the final adopted budget as this will assist the National and provincial treasuries with the annual benchmark process.

In addition, municipalities must submit the mSCOA compliant data strings to the LG Upload Portal. National Treasury will continue with parallel reporting from municipalities until it is satisfied that all municipalities are mSCOA compliant and reporting adequately to support all publications.

The current electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

8.4 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

8.5 Municipal Money and the National Treasury data portal

All municipalities are also reminded that information submitted to the National Treasury, including budget information, is made available to the public via www.municipalmoney.gov.za and an underlying data portal. This initiative was announced by the Minister of Finance in October 2016, and enables direct citizen engagement with the finances of their municipalities on a comparative basis. The information is currently being used regularly and municipalities are reminded that any inaccuracies in their submissions will also be transferred to this website. Municipalities are encouraged to widely advertise this service for citizens in municipal facilities and make available your municipal profiles, when requested by citizens at these facilities.

Contact



national treasury

Department
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001
Phone 012 315 5009
Fax 012 395 6553
Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh
Chief Director: Local Government Budget Analysis
09 December 2016

Annexure A – Changes to Schedule A1 – the ‘Excel formats’

As noted above, National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	A2 and A2A	Changed reference to “Standard Classification” to functional classification and included detailed functional classification.	Align to version 6.1 of mSCOA classification framework
2	A4, SA2 and SA25	Deleted “Property rates – penalties and collection charges”. Changed description for fines to “Fines, penalties and forfeits”.	Align to version 6.1 of mSCOA classification framework
4	A5	Changed reference to “Standard Classification” to functional classification	Align to version 6.1 of mSCOA classification framework
5	A7 and SA30	Changed description for “property rates, penalties and collection charges” to property rates	Align to version 6.1 of mSCOA classification framework
6	A9	Changed breakdown of asset categories to align to CDIMS. Added a section on Upgrading of Existing Infrastructure.	Align to version 6.1 of mSCOA classification framework
8	SA3	Changed descriptions for “Call deposits < 90 days” and “Other current investments > 90 days” to exclude “< > 90 days”.	Align to version 6.1 of mSCOA classification framework
9	SA17	Changed description of “Long-Term Loans (annuity/reducing balance)” to Annuity and Bullet Loans.	Align to version 6.1 of mSCOA classification framework
11	SA34(a-d)	Changed breakdown of asset categories to align to CDIMS.	Align to version 6.1 of mSCOA classification framework
12	SA34e	Added a table on Upgrading of Existing Infrastructure.	Align to version 6.1 of mSCOA classification framework
13	SA38	Added a table on operating expenditure projects	Align to version 6.1 of mSCOA classification framework

ANNEXURE N

MFMA CIRCULAR 86: MUNICIPAL BUDGET



NATIONAL TREASURY

MFMA Circular No. 86

Municipal Finance Management Act No. 56 of 2003

Municipal Budget Circular for the 2017/18 MTREF

CONTENTS

1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS.....	2
2. KEY FOCUS AREAS FOR THE 2017/18 BUDGET PROCESS	3
2.1 LOCAL GOVERNMENT CONDITIONAL GRANTS AND ADDITIONAL ALLOCATIONS	3
2.2 MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA)	4
2.3 MSCOA TRAINING FOR MUNICIPAL OFFICIALS.....	5
3. THE REVENUE BUDGET	5
3.1 ESKOM BULK TARIFF INCREASES.....	5
4. FUNDING CHOICES AND MANAGEMENT ISSUES.....	6
4.1 EMPLOYEE RELATED COSTS	6
4.2 REMUNERATION OF COUNCILORS	6
5. CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES.....	7
5.1 UNSPENT CONDITIONAL GRANTS FOR 2016/17	7
6. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS.....	7
6.1 ASSISTANCE WITH THE COMPILATION OF BUDGETS	7
7. BUDGET PROCESS AND SUBMISSIONS FOR THE 2017/18 MTREF	8
7.1 BUDGETING FOR THE AUDITED YEARS ON THE A SCHEDULE (MSCOA).....	8
7.2 SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2017/18 MTREF	9
7.3 BUDGET REFORM RETURNS TO THE LOCAL GOVERNMENT DATABASE FOR PUBLICATION.....	10
7.4 PUBLICATION OF BUDGETS ON MUNICIPAL WEBSITES	10
7.5 THE USE OF PRIVATE EMAILS FOR BUSINESS PURPOSES.....	10
ANNEXURE A – CHANGES TO SCHEDULE A1 – THE 'EXCEL FORMATS'	12

Introduction

This budget circular is a follow-up to the one issued in December 2016. It guides municipalities with their preparation of the 2017/18 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within that context. Among the objectives of this circular, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this circular is the implementation of municipal Standard Chart of Accounts (mSCOA) and the grant allocations as per the 2017 Budget Review.

1. The South African economy and inflation targets

The 2017 Budget Review emphasised that, while the global economic growth outlook has improved, it is clouded by the prevailing policy uncertainty due to the increasing pressure within the world trading system. These factors may jeopardise South Africa's prudent macroeconomic and fiscal policies, which include inflation targeting and a flexible exchange rate, the local economy's ability to adjust to global volatility and the stable investment platform.

GDP growth rate is forecasted to increase by 1.3 per cent in 2017 and to improve moderately over the medium term with to 2 per cent and 2.2 per cent in 2018 and 2019 respectively. This forecast is supported by marginally higher global growth, stabilising commodity prices, greater reliability of the electricity network, more favourable weather conditions, recovering business and consumer confidence, and improved labour relations. The positive trajectory marks a shift from several years of declining growth however; this is still not high enough to markedly reduce unemployment, poverty and inequality.

The unemployment rate was 26.5 per cent in the fourth quarter of 2016. In aggregate mining and manufacturing employment declined by 80 306 jobs in 2016 while the services sector created 119 189 jobs during the same period. The economy continues to create opportunities for semi-skilled and skilled workers, and to shed unskilled jobs, reinforcing poverty and inequality and widening the wage gap.

These economic challenges will continue to pressurise municipal revenue generation and collection levels hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The following macro-economic forecasts must be considered when preparing the 2017/18 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2015 - 2019

Fiscal year	2016/17	2017/18	2018/19	2019/20
	Estimate	Forecast		
Consumer Price Inflation (CPI)	6.4%	6.4%	5.7%	5.6%
Real GDP growth	0.6%	1.3%	2.0%	2.2%

Source: 2017 Budget Review.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2017/18 budget process

2.1 Local government conditional grants and additional allocations

The 2017 Budget Review provides for R366.3 billion to be transferred directly to local government and a further R23 billion allocated to indirect grants for the 2017 MTEF. Direct transfers to local government over the medium term account for 9.1 per cent of national government's non-interest expenditure. When adding indirect transfers, the total spending for local government increases to 9.7 per cent of national non-interest expenditure.

Direct transfers to local government grow at an average rate of 8 per cent per annum over the 2017 MTEF. This strong growth in transfers to local government recognises the importance of local government functions and associated rising costs of municipal service delivery. Similarly, minor reductions are made to the larger conditional grants so that funds are prioritised in favour of other government priorities. Grant administrators and municipalities are encouraged to maximise the value derived from spending so that service delivery is not compromised.

Conditional grant funding targets delivery of national government's service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding. The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.

Municipalities are reminded that all allocations included in their budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be accessed from the National Treasury website by clicking on the link below:
<http://ntfintranet/documents/national%20budget/2017/>

Changes to local government allocations

- The local government equitable share will grow by R3.3 billion over the MTEF period to assist municipalities with the rising costs of providing free basic services. An additional R1 billion will be added in 2018/19 and R2.3 billion in 2019/20 which further grows the 2016 Division of Revenue provision of R1.5 billion in 2017/18 and R3 billion in 2018/19. The formula, which is informed by the 2011 Census data, will be updated over the MTEF with data from the 2016 Community Survey. This data will be phased in over the MTEF period to ensure a smooth transition of the impact on the allocations to municipalities.
- Minor reductions are made to a mix of urban and rural grants, including, the *public transport network grant*, the *water services infrastructure grant*, the *municipal infrastructure grant* and the *urban settlements development grant* so that resources are available to fund other government priorities. In spite of the decreased allocations each of these grants will grow by at least 5 per cent annually over the 2017 MTEF period.
- Funds reprioritised from:
 - the expanded *public works programme integrated grant* to municipalities to fund the expanded mandate of the Commission for Conciliation, Mediation and Arbitration (as the commission will be providing its services to additional sectors);
 - the indirect *integrated national electrification programme (Eskom) grant*, mainly to fund the management of nuclear waste; and

- the indirect *regional bulk infrastructure grant* of which small amounts will be utilised to augment funding for water catchment management agencies.
- There is intent to introduce a new funding model for district municipalities upon completion of the Department of Cooperative Governance's review of their functional role. In 2017/18, adjustments are made to the *RSC/ JSB levies replacement grant* to redistribute funds to the 13 district municipalities currently receiving less than R40 million per year from this grant. The growth rates of the 10 district municipalities with the largest allocations are reduced to fund the increases to the other districts. They will receive two-thirds of their original growth rate in 2017/18 and one-third of their original growth rate in 2018/19.

In the outer year of the MTEF period, the grant increases by 8.8 per cent a year for district municipalities that are authorised to undertake water and sanitation services and 2.9 per cent for district municipalities that are not such authorities. The different rates recognise the various service delivery responsibilities of these district municipalities and the fact that the allocations to unauthorised municipalities have an average growth rate below inflation.

The Department of Cooperative Governance, which administers the *municipal infrastructure grant*, continues to implement measures to strengthen the management and implementation of the grant. Changes to be introduced in 2017/18 include the circulation of:

- a guideline on how to plan, assess and implement refurbishment projects funded by the grant. The rules of the grant were changed in 2015/16 to allow this funding to be utilised for refurbishment however there have not been many projects of this nature since then. The new guideline will clarify the requirements for accessing this refurbishment funding.
- a revised guideline on the use of project management unit funds. Municipalities are allowed to use up to 5 per cent of their allocations from this grant for a project management unit. Grant conditions that require municipalities to submit business plans for their project management units will also allow the Department of Cooperative Governance to ensure that municipalities adhere to the guideline's best practices.

2.2 Municipal Standard Chart of Accounts (mSCOA)¹

The mSCOA Regulations apply to all municipalities and municipal entities with effect from 1 July 2017.

Technically, for a municipality to be regarded as mSCOA compliant on 1 July 2017 it must be able to transact across all the mSCOA segments and its core system and all sub-systems (including that of its municipal entities) must seamlessly integrate. Among the lessons learnt from the pilot municipalities, stems the recommendation that a municipality's point of departure for achieving system integration is that it prioritises the maximum integration potential of its core system so that it integrates with the Debtors main sub-system (including cash management and receipting), Payroll and the Assets Management sub-system modules. Furthermore, all municipalities must accommodate seamless integration of the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and Budget facilities into the core financial system as these documents create a point of departure for the transactional environment come 1 July 2017.

¹ The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.

This means that the compilation of the 2017/18 Medium-Term Budget and Expenditure Framework (MTREF) must be compliant with the *mSCOA* classification framework.

In summary, *mSCOA* compliance in respect of the tabled 2017/18 MTREF and IDP submission means that the data string uploaded to the LG Database portal must meet the following requirements:

- No mapping;
- Correct use of all segments;
- Seamless integration of core system with sub-systems (municipalities must ensure the integration of the Debtors, Payroll and Asset sub-systems); and
- Integrated budgeting facility directly linked to the IDP and SDBIP facilities on the system.

It is imperative that municipalities are familiar with the addendum to MFMA Circular No. 80 which describes what constitutes *mSCOA* compliance by 1 July 2017. National Treasury has a dedicated website to support municipalities with their *mSCOA* readiness efforts.

For more information on *mSCOA* and other benefits of the reform, visit: <http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

2.3 *mSCOA* training for municipal officials

Municipalities are advised not to approach the market to procure services for *mSCOA* training as National Treasury has partnered with the Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO, previously IMFO) to undertake *mSCOA* training.

3. The revenue budget

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation has however breached the upper limit of the 3 to 6 per cent target band; therefore municipalities are now required to *justify all increases in excess of the 6.4 per cent* projected inflation target in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.

Where revenue collection is not well planned or managed, or where tariffs are not properly set, serious financial problems can arise. Eskom's recent move to cut off power supply to municipalities that have not paid electricity bills is an indication of what can happen when municipalities fail to manage this risk.

3.1 Eskom bulk tariff increases

On the 23rd February 2017, the National Energy Regulator of South Africa (NERSA), issued a media statement saying that Eskom's allowed revenue for 2017/18 would result in a 2.2 per cent increase in the approved bulk tariffs for Eskom that year. NERSA's consultation paper on tariff benchmarking indicates that this will result in a 0.31 per cent increase in bulk tariffs to municipalities (the difference is due to the different financial years of Eskom and municipalities).

This is significantly lower than the 8 per cent tariff increase provided for in the current Multi-Year Price Determination as a result of higher increases approved in preceding years (12.7

per cent for 2015/16 and 9.4 per cent for 2016/17). The statement also says that, "Nothing prevents Eskom from considering any possible cash flow risks and the implications thereof on its financial sustainability and make an application to NERSA for relief in this regard should it consider it necessary." The complete media statement can be accessed at www.nersa.org.za.

Section 42 of the MFMA requires that bulk price increases charged to municipalities by an organ of state must be tabled by 15 March if they are to be effected as from 1 July of the same year, unless the Minister of Finance grants an extension. The Minister of Finance, at the request of the Minister of Public Enterprises, has granted an extension until 5 April 2017 for the tabling of Eskom's 2017/18 bulk prices for municipalities. Municipalities must ensure that their budgets are informed by Eskom's bulk tariff to be tabled on that date. In the meantime municipalities are advised to use the NERSA's guided 0.31 per cent bulk tariff increase when compiling their budgets. This means that any changes to the final bulk tariff increase for 2017/18 to be tabled by Eskom on the 5 April 2017 will have to be factored in at that time.

Municipalities must note that the free basic services subsidy provided for in the local government equitable share were informed by the 8 per cent bulk tariff increase previously approved for the current Multi-Year Price Determination period. The equitable share allocations were tabled on 22 February 2017 in the Division of Revenue Bill, 2017. If a lower electricity bulk tariff is tabled for 2017/18 this will be offset in the calculation of the free basic services subsidy for equitable share allocations for 2018/19. This means that municipalities will have to budget to retain any surplus funds from the higher free basic services subsidy paid in 2017/18 in order to offset the cost of providing free basic electricity in 2018/19.

4. Funding choices and management issues

Municipalities should carefully consider the costs associated with service delivery while keeping in mind affordability and inflation when setting revenue raising measures. Once again, approving tariffs that are less than the associated cost of providing the services will negatively impact the financial sustainability of municipalities.

4.1 Employee related costs

The South African Local Government Bargaining Council entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The previous years were:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

4.2 Remuneration of councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.

5. Conditional Grant Transfers to Municipalities

5.1 Unspent Conditional Grants for 2016/17

In addition to the requirements outlined in the previous MFMA Circulars regarding unspent conditional grants, municipalities must know that the National Treasury uses the pre-audited Annual Financial Statements (AFS) to determine the unspent conditional grants. The decision is made based on the pre-audited AFS. Therefore, there will not be a review of the unspent conditional grants once the audited AFS are available. It is therefore imperative that municipalities ensure that there is completeness in reported figures on the pre-audited AFS.

Following the determination of unspent conditional grants to be surrendered to the National Revenue Fund, where municipalities fail to repay the unspent allocations and will not be able to withstand the impact of the offsetting of unspent allocations from their equitable share in one instalment, municipalities have an opportunity in terms of section 22 (5)(b) (ii) and (iii) to propose an alternative means acceptable to National Treasury by which the unspent allocations will be paid into the National Revenue Fund or to propose an alternative payment schedule (repayment arrangement).

Municipalities who intend to exercise the above option are encouraged to inform the National Treasury within 14 days upon receipt of the letter informing them of the unspent conditional grants to be repaid into the National Revenue Fund. Requests for repayment arrangements following the lapse of the 14 days will not be considered. The repayment arrangement is limited to a maximum of three instalments, whereby municipalities can repay unspent allocations into the National Revenue Fund.

6. The Municipal Budget and Reporting Regulations

National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats) which is aligned to version 6.1 of the mSCOA classification framework which must be used when compiling the 2017/18 MTREF budget. This version incorporates major changes (see Annexure A). Therefore ALL municipalities MUST use this version for the preparation of their 2017/18 MTREF budget.

Download Version 6.1 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:
<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole	012-315 5054	Templeton.Phogole@treasury.gov.za
	Matjati Mashoeshoe	012-315 8567	Matjati.Mashoeshoe@treasury.gov.za
Free State	Vincent Malepa	012-315 5839	Vincent.Malepa@treasury.gov.za
	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
	Katlego Mabetsa	012-395 6742	Katlego.Mabetsa@treasury.gov.za
Gauteng	Kgomotso Baloyi	012-315 5055	Kgomotso.Baloyi@treasury.gov.za
	Nomxolisi Mawulana	012-315 5460	Nomxolisi.Mawulana@treasury.gov.za

KwaZulu-Natal	Bernard Mokgabodi Johan Botha	012-315 5936 012-315 5171	Bernard.Mokgabodi@treasury.gov.za Johan.Botha@treasury.gov.za
Limpopo	Una Rautenbach Sifiso Mabaso	012-315 5700 012-315 5952	Una.Rautenbach@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Jordan Maja Anthony Moseki	012-315 5663 012-315 5174	Jordan.Maja@treasury.gov.za Anthony.Moseki@treasury.gov.za
Northern Cape	Willem Volgt Mandla Gillmani	012-315 5830 012-315 5807	Willem.Volgt@treasury.gov.za Mandla.Gillmani@treasury.gov.za
North West	Sadesh Ramjathan Makgabo Mabotja	012-315 5101 012-315 5156	Sadesh.Ramjathan@treasury.gov.za Makgabo.Mabotja@treasury.gov.za
Western Cape	Templeton Phogole Vuyo Mbunge Kevin Bell	012-315 5054 012-315 5661 012-315 5725	Templeton.Phogole@treasury.gov.za Vuyo.Mbunge@treasury.gov.za Kevin.Bell@treasury.gov.za
Technical Issues with Excel formats	Elsabe Rossouw	012-315 5534	kdalaqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in Item 31 of Schedule A of the Municipal Budget and Reporting Regulations. In addition to the above compliance check, the mSCOA data strings will be assessed to determine whether the municipalities are compliant.

The National Treasury herewith emphasises that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, *they will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations. In addition, where municipalities have tabled an unfunded budget, they will be required to correct the budget to ensure that a funded budget is adopted and implemented.*

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The A Schedule that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. D schedules must be submitted for each entity.

7. Budget process and submissions for the 2017/18 MTREF

7.1 Budgeting for the audited years on the A schedule (mSCOA)

According to international best practices, it is appropriate to reclassify historical information in line with the changes that occur in the Standard Chart of Accounts. However considering our

MAYORAL COMMITTEE

22 MAY 2017

DISTRICT COUNCIL

29 MAY 2017

DC 163/05/17

**REPORT: SECTION 52 – RESPONSIBILITIES OF MAYOR / *VERSLAG:*
ARTIKEL 52 VERANTWOORDELIKHEDE VAN DIE BURGEMEESTER /
INGXELO: UMHLATHI 52-UXANDUVA LUKASODOLOPHU (580415)**

(6/18/7)

18 April 2017

REPORT FROM THE EXECUTIVE MAYOR (M BOOYSEN)**PURPOSE OF THE REPORT**

The report is tabled to Council in terms of Section 52 (d) as required in terms of the Local Government Municipal Finance Management Act, Act 56 of 2003, herein refer to as the MFMA.

BACKGROUND

Section 52 of the Municipal Finance Management Act 2003 (No.56) (MFMA) requires the Mayor to report to council on the financial affairs of the municipality.

Section 52 (d)

The mayor of a municipality –

Must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

FINANCIAL IMPLICATIONS

None

RELEVANT LEGISLATION

- Section 52 of the MFMA
- Municipal Budget and Reporting Regulations, 17 April 2009

UITVOERENDE OPSOMMING

Die burgemeester van die munisipaliteit moet binne 30 dae na die einde van die kwartaal 'n verslag aan die Raad voorlê rakende die finansiële posisie van die munisipaliteit.

RECOMMENDATION

That Council notes the quarterly report on the implementation of the budget and the financial affairs of the municipality for the year to date and the period ending 31 March 2017.

AANBEVELING

Dat die Raad kennis neem van die kwartaalverslag rakende die implementering van die begroting en die finansiële posisie van die munisipaliteit vir die jaar tot op datum en die periode geëindig 31 Maart 2017.

ISINDULULO

Sesokuba iBhunga lithathele ingqalelo ingxelo yekota ngokumiselwa kolwabiwo-mali kunye nemicimbi yezemali zomasipala kunyaka uzakuthi ga ngoku nophela ngomhla 31 kweyoKwindla 2017.

APPENDIX

Section 52 report



EDEN DISTRICT MUNICIPALITY

FINANCIAL YEAR 2016 - 2017

**QUARTERLY MAYORAL SECTION 52
REPORT**

YEAR TO DATE ENDING 31 MARCH 2017

Table of Contents

Glossary	5
Legislative Framework	6
 PART 1 – IN YEAR REPORT	
Section 1 – Mayoral foreword	7
Section 2 – Resolutions	9
Section 3 – Executive summary	9
Section 4 – In-year budget statement tables	11
 PART 2 SUPPORTING DOCUMENTATION	
Section 5 – Debtor's analysis	23
Section 6 – Creditors analysis	24
Section 7 – Investment portfolio analysis	25
Section 8 – Allocation and grant receipts and expenditure	26
Section 9 – Expenditure on councillor and staff related expenditure	28
Section 10 – Material variances to the service delivery and budget implementation plan	29
Section 11 – Capital programme performance	29
Section 12 – Operational projects performance	32
Section 13 – Withdrawals	35
Section 14 – Municipal Manager's quality certificate	36
 PART 3 – SERVICE DELIVERY AND BUDGET IMPLEMENTATION	38

Glossary

Annual Budget – Prescribed in section 16 of the MFMA - the formal means by which a Municipality approve official budget for the next three years.

Adjustment Budget – Prescribed in section 28 of the MFMA – the formal means by which a Municipality may revised its annual budget during the year.

Allocations (Transfers – see DORA) – Money received from Provincial or National Government.

Budget Related Policy(ies) – Policies of a Municipality affecting or affected by the budget, examples include Tariff Policy, Rates Policy, Credit Control and Debt Collection Policies.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet and must be included in the asset register.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Payments do not always coincide with budgeted expenditure timings - for example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government (see Allocations / Transfers).

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and Wasteful Expenditure – Expenditure that was made in vain and would/should have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations dated April 2009.

MFMA – The Municipal Finance Management Act – Act No. 56 of 2003. The principle piece of legislation relating to municipal financial management.

MSCOA – Municipal Standard Chart of Accounts

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years' budget allocations. Also includes details of the previous and current years' financial position.

Operating Expenditure – The day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the Rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budgeted estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised Expenditure – Generally, spending without, or in excess of, an Approved Budget.

Virement – A transfer of funds.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget is divided. In Eden District this means the different GFS classification the budget is divided.

Legislative Framework

This report has been prepared in terms of the following enabling legislation:

The Municipal Finance Management Act – Act No. 56 of 2003

Section 52: Quarterly budget statements

Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations

PART 1 – IN-YEAR REPORT**SECTION 1 – MAYORAL FOREWORD**

Honourable Speaker, leaders of the opposition, honourable members of the Eden District Council on both sides of the house, The Municipal Manager and his Executive Management Team, the Members of the Media, interest groups and the citizens of the Eden District. I would like to express a hearty warm welcome to you all.

Herewith a detailed executive summary of the performance of the Council for the 3rd Quarter ending 31 March 2017.

DESCRIPTION	January Adjustment Budget 2016/2017	QUARTER 1	QUARTER 2	QUARTER 3	YTD MARCH 2017
SALARY RELATED EXPENSES					
Salaries	66,225,076.41	16,423,472.00	16,578,111.00	16,048,861.15	49,050,444.15
Overtime	2,526,702.66	594,235.00	388,821.00	918,016.50	1,899,072.50
Performance Bonus	553,750.00	(6,804.00)	6,804.00	-	-
Housing	816,826.52	194,700.00	198,800.00	207,162.30	600,662.30
Bonus	4,268,379.91	135,609.00	4,245,302.00	9,240.52	4,390,051.52
Leave payment	377,298.11	-	-	-	-
Pension	10,495,692.01	2,592,649.00	2,512,302.00	2,540,250.76	7,645,101.76
Medical	9,411,082.29	2,208,218.00	2,185,500.00	2,316,112.80	6,710,828.80
Group Insurance	748,811.71	174,038.00	180,544.00	180,425.08	535,007.06
UIF	475,581.27	101,430.00	107,289.00	106,555.51	315,254.51
Workmen's Compensation	900,000.00	-	-	-	-
Bargaining	29,084.77	5,806.00	6,287.00	6,105.88	17,978.88
Skill Development levy	1,236,863.37	188,693.00	224,082.00	189,840.19	600,595.19
Travelling Allowance	5,249,889.24	1,508,524.00	1,579,109.00	1,511,557.05	4,600,190.05
Acting Allowance	680,355.37	-	-	-	-
Standby Allowance	1,005,501.85	185,013.00	158,234.00	259,337.81	602,584.81
Telephone Allowance	258,090.00	-	2,280.00	1,710.00	3,990.00
Night Shift Allowance	725,866.66	-	-	-	-
Shift Allowance	129,131.27	-	-	-	-
Total	108,083,782.42	24,364,181.00	26,374,405.00	24,293,175.58	76,971,761.53
Councillor Remuneration					
Remuneration	4,628,484.00	1,293,321.00	1,633,738.00	1,583,748.61	4,510,805.61
Pension	684,272.00	21,481.00	25,842.00	37,058.99	84,361.99
Medical	120,000.00	20,607.00	22,973.00	29,045.91	72,625.91
Travelling Allowance	1,814,251.00	167,972.00	236,281.00	231,532.54	635,785.54
Telephone Allowance	337,200.00	71,355.00	73,038.00	72,532.61	216,925.61
Individual Allowance	250,000.00	-	-	-	-
Total	7,344,207.00	1,874,716.00	1,991,872.00	1,958,918.66	5,520,504.66
Bad Debts	1,080,000.00	-	-	-	-
Depreciation	3,669,970.13	732,978.00	494,124.00	732,638.81	1,959,738.81
Repairs and maintenance	5,620,376.66	954,838.00	1,171,827.00	1,276,704.74	3,403,369.74
Interest	-	-	-	-	-
Contracted services	17,687,904.53	1,875,680.00	4,548,435.00	4,044,190.48	10,469,285.46
Grant projects	-	-	-	-	-
Own fund projects	5,582,600.66	175,876.00	565,771.00	705,129.34	1,446,776.34
General expenses	44,799,476.68	2,680,834.00	5,637,178.00	17,544,026.77	25,862,038.77
Contribution	6,921,244.00	-	-	-	-
Actuarial loss	4,731,601.00	-	-	-	-
ROADS AGENCY FUNCTION	144,000,000.00				
Total	233,685,173.68	6,420,184.00	12,418,336.00	24,302,990.12	43,141,209.12
TOTAL EXPENDITURE	347,021,163.10	32,299,081.00	42,784,812.00	50,549,782.31	125,633,475.31

INCOME	January Adjustment Budget 2016/2017	QUARTER 1	QUARTER 2	QUARTER 3	YTD MARCH 2017
EQS - RSC Levies grant	(142,084,000.00)	(58,205,000.00)	(32,343,000.00)	(35,524,000.00)	(127,072,000.00)
Rental of Facilities and Equipment	(1,424,332.28)	(530,079.00)	(307,222.00)	(390,404.48)	(1,227,705.49)
Interest earned external investments	(10,773,700.00)	(3,895,911.00)	(2,138,939.00)	(3,631,339.17)	(8,888,189.17)
Interest earned outstanding debtors	(798,483.83)	(308,549.00)	(318,448.00)	(281,952.77)	(906,949.77)
Government Grant and subsidies	(5,118,914.00)	(2,834,422.00)	(1,479,578.00)	(700,000.00)	(5,014,000.00)
Income Agency services	(15,000,000.00)	(2,408,151.00)	(4,818,297.00)	(2,830,109.91)	(10,054,557.91)
Contributions municipalities	(828,814.05)	-	-	-	-
Contributions municipalities & products	(278,617.40)	-	(7,000.00)	-	(7,000.00)
Sundry Income	(10,305,149.05)	(1,201,044.00)	(3,705,381.00)	(2,867,046.28)	(7,773,451.28)
Public contribution and donated PPE	(3,314,630.48)	(161,250.00)	(258.00)	(130,000.43)	(281,508.43)
ROADS AGENCY FUNCTION	(144,000,000.00)			-	-
	(933,736,441.05)	(70,544,406.00)	(45,114,103.00)	(46,354,853.03)	(162,013,362.83)
SURPLUS / DEFICIT	13,284,722.05	(38,245,325.00)	(2,329,491.00)	4,194,920.28	(36,379,888.72)
Capital Expenditure	6,713,294.71	99,291.22	552,909.22	135,493.20	787,693.64

Revenue by source

The total revenue received by source for the third quarter amounts to **R46 354 853**, against a budget of **R189 736 441** (excluding Roads Budget). This represents **24.4%** recording of income.

For the third quarter the actual grants received amounts to **R36 224 000** against a budget of **R147 212 914**, recording a **24.6%** of total budget.

The interest earned on external investments increased with **R3 631 339** (33.7%) in the third quarter to **R9 666 189** against a budget of **R10 773 700**.

The roads agency function is consolidated at year-end in the financial records.

Operating Expenditure by type

For the third quarter of the financial year the municipality records expenditure performance of **R50 549 782** against a budget of **R203 021 163** (excluding Roads budget), representing **24.8%** of expenditure. It should be noted that the budgeted expenditure includes non-cash items which only realise with year-end procedures for e.g. bad debts, actuarial loss and contributions to provisions.

The salary expenditure increased with **R24 293 176** in the third quarter to **R76 971 762** representing **22.8%** spending of budget for the quarter, and **73%** spending on total budget for the first 9 months.

The councillor remuneration for the quarter amounts to **R1 953 917** representing **24.9%** of budget.

Spending on contracted services increased with **R4 044 190** to **R10 469 285** in the third quarter representing **22.8%** spending for the quarter.

Spending on own funded projects for the third quarter amounts to R705 129 representing 12.5% of budget.

Spending on general expenses increased with R17 544 027 to R25 862 039 in the third quarter representing 39.2% spending for the quarter

Capital Expenditure

The capital expenditure budgeted for the financial year amounts to R6 713 294. Capital expenditure for the third quarter amounts to R135 493 representing 2% of total budget. Expenditure will increase during the next three months. It should also be noted that the budgeted amount increased with R3 100 000 for the electricity demand side project which moved from contracted services to capital budget, since these funds were paid back to National Treasury. The actual expenses incurred will be rectify by journal from contracted services to capital expenditure and will reflect a higher percentage spending on April's returns.

SECTION 2 – RESOLUTIONS

Municipal Financial Management Act, 56 of 2003 - SECTION 52: General responsibilities of the Mayor

This is the resolution being presented to Council in the quarterly report on the implementation of the budget and the financial state of affairs of the municipality as required in terms of section 52 of the Municipal Finance Management Act 56 of 2003.

RECOMMENDATION:

That Council takes note of the quarterly report on the implementation of the budget and the financial affairs of the municipality for the year to date and the period ending 31 March 2017.

Section 3 – Executive Summary

3.1 Introduction

These figures are presented in terms of section 52(d) of the MFMA. The information is presented for the quarter ending 31 March 2017.

3.2 Consolidated performance

3.2.1 Against annual budget (original)

Revenue by source

For the third quarter the municipality records revenue performance of **R46 354 853 (24.4%)** and the year to date **R162,013,362 (85.3%)** against a budget of **R189,736,441** (excluding Roads budget).

Operating Expenditure by type

For the third quarter of the financial year the municipality records expenditure performance of **R50 549 782** against a budget of **R203 021 163** (excluding Roads budget), representing **24.8%** of expenditure

Year to date expenditure for the financial year totals **R125,633,475** against a projected budget of **R203 021 163** (excluding Roads budget), representing a **61.8%** of annual expenditure.

Capital Expenditure

The capital expenditure budgeted for the financial year amounts to **R6 713 294**. Capital expenditure for the third quarter amounts to **R135 493 (2%)** and the year to date amounts to **R787,694** representing **12%** of total budget.

See attached capital progress report on page 29.

3.3 Material variances from SDBIP

Attached to this report as Annexure is the SDBIP report for the 3rd quarter ending 31 March 2017.

This report reflects information in terms of the implementation of the budget. All changes required to the SDBIP in terms of KPI's are managed via the Performance Management Unit situated in the Office of the Municipal Manager.

3.4 Remedial or corrective steps

Remedial actions and corrections will be instituted and changes recommended by the Performance Management Unit.

3.5 Conclusion

Detailed analysis of the municipal performance for the period ending 31 March 2017 will be presented under the different sections of the report. More information regarding the municipal performance and explanations will be provided below.

Section 4 – In-year budget statement tables**4.1 Monthly budget statements****4.1.1 Table C1: s71 Monthly Budget Statement Summary**

DC4 Eden - Table C1 Monthly Budget Statement Summary - M09 March

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-		-
Service charges	-	-	-	-	-	-	-		-
Investment revenue	6,621	7,974	10,774	2,197	9,666	8,080	1,686	20%	10,774
Transfers recognised - operational	186,119	146,708	146,708	35,624	131,686	110,031	21,655	20%	146,708
Other own revenue	183,046	180,226	176,255	2,732	20,661	132,191	(111,530)	-84%	176,255
Total Revenue (excluding capital transfers and contributions)	375,786	314,908	333,736	40,454	162,013	250,302	(88,289)	-35%	333,736
Employee costs	105,788	105,720	106,084	7,900	76,972	79,570	(2,599)	-3%	106,084
Remuneration of Councillors	8,296	8,448	7,844	680	5,521	5,883	(363)	-6%	7,844
Depreciation & asset impairment	3,800	4,087	3,670	-	1,960	2,752	(793)	-29%	3,670
Finance charges	69	-	-	-	-	-	-		-
Materials and bulk purchases	-	-	-	-	-	-	-		-
Transfers and grants	-	-	-	-	-	-	-		-
Other expenditure	249,931	191,220	229,413	16,575	41,181	172,060	(130,878)	-76%	229,413
Total Expenditure	367,884	309,475	347,921	25,166	125,633	260,286	(134,652)	-52%	347,921
Surplus/(Deficit)	7,902	5,433	(13,285)	15,288	36,380	(9,984)	46,344	-485%	(13,285)
Transfers recognised - capital	-	-	-	-	-	-	-		-
Contributions & Contributed assets	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	7,902	5,433	(13,285)	15,288	36,380	(9,984)	46,344	-485%	(13,285)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	7,902	5,433	(13,285)	15,288	36,380	(9,984)	46,344	-485%	(13,285)
Capital expenditure & funds sources									
Capital expenditure	2,291	5,415	6,713	116	788	5,035	(4,247)	-84%	6,713
Capital transfers recognised	-	-	-	-	-	-	-		-
Public contributions & donations	-	-	-	-	-	-	-		-
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	2,291	5,415	6,713	116	788	5,035	(4,247)	-84%	6,713
Total sources of capital funds	2,291	5,415	6,713	116	788	5,035	(4,247)	-84%	6,713
Financial position									
Total current assets	175,637	175,637	175,637		185,667				175,637
Total non current assets	285,987	285,987	285,987		226,440				285,987
Total current liabilities	38,215	38,215	38,215		38,046				38,215
Total non current liabilities	133,206	133,206	133,206		81,659				133,206
Community wealth/Equity	290,103	290,103	290,103		292,402				290,103
Cash flows									
Net cash from (used) operating	7,674	5,433	(9,615)	15,288	38,340	(7,211)	(45,551)	632%	(9,615)
Net cash from (used) Investing	(1,765)	(5,415)	(6,713)	121,984	97,391	(5,035)	(102,426)	2034%	(6,713)
Net cash from (used) financing	(664)	-	-	-	-	-	-		-
Cash/cash equivalents at the month/year end	148,539	148,557	132,211	-	175,824	136,293	(39,531)	-29%	23,588
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	201	890	277	-	-	-	-	14,229	15,598
Creditors Age Analysis									
Total Creditors	2,691	-	-	-	-	-	-	-	2,691

4.1.2 Table C2: Monthly Budget Statement - Financial Performance (standard classification)

DC4 Eden - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M09 March

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Standard										
<i>Governance and administration</i>		224,003	178,288	179,828	38,893	156,234	134,948	21,288	16%	179,828
Executive and council		224,683	178,785	178,782	38,893	155,971	134,094	21,877	16%	178,782
Budget and treasury office		-	-	-	-	(17)	-	(17)	#DIV/0!	-
Corporate services		-	503	1,136	-	280	852	(572)	-67%	1,136
<i>Community and public safety</i>		6,251	6,485	6,485	553	5,673	4,884	810	17%	6,485
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		6,065	6,288	6,288	533	5,498	4,716	782	17%	6,288
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		186	197	197	21	176	148	28	19%	197
<i>Economic and environmental services</i>		143,435	132,155	144,155	7	106	108,118	(108,010)	-100%	144,155
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		143,180	132,000	144,000	-	-	108,000	(108,000)	-100%	144,000
Environmental protection		255	155	155	7	106	116	(10)	-9%	155
<i>Trading services</i>		1,417	-	3,168	-	-	2,376	(2,376)	-100%	3,168
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1,417	-	3,168	-	-	2,376	(2,376)	-100%	3,168
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	376,786	314,808	333,736	40,454	162,013	250,302	(88,289)	-35%	333,736
Expenditure - Standard										
<i>Governance and administration</i>		95,399	93,848	114,078	18,467	66,997	85,558	(18,562)	-22%	114,078
Executive and council		42,631	38,229	60,166	15,281	33,578	45,124	(11,547)	-28%	60,166
Budget and treasury office		22,226	22,124	21,000	1,188	13,579	15,750	(2,172)	-14%	21,000
Corporate services		30,542	33,295	32,912	1,998	19,840	24,684	(4,843)	-20%	32,912
<i>Community and public safety</i>		86,809	86,080	87,750	5,284	47,304	50,812	(3,508)	-7%	87,750
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		10,616	12,731	11,069	688	7,255	8,301	(1,046)	-13%	11,069
Public safety		45,889	25,501	29,753	2,489	20,736	22,315	(1,579)	-7%	29,753
Housing		-	-	-	-	-	-	-	-	-
Health		30,304	27,848	26,928	2,127	19,313	20,196	(883)	-4%	26,928
<i>Economic and environmental services</i>		181,820	147,012	158,776	1,220	9,884	119,082	(109,398)	-92%	158,776
Planning and development		11,589	10,787	10,516	811	7,461	7,887	(426)	-5%	10,516
Road transport		147,263	134,384	148,364	254	989	109,773	(108,774)	-99%	146,364
Environmental protection		2,788	1,881	1,895	155	1,223	1,422	(199)	-14%	1,895
<i>Trading services</i>		24,056	2,734	8,417	194	1,848	4,813	(3,164)	-66%	8,417
Electricity		-	-	-	-	-	-	-	-	-
Water		20,812	850	589	-	368	442	(74)	-17%	589
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3,244	1,884	5,828	194	1,280	4,371	(3,091)	-71%	5,828
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	387,884	308,474	347,020	25,165	125,633	280,285	(134,632)	-52%	347,020
Surplus/ (Deficit) for the year		7,902	6,434	(13,284)	15,289	36,381	(9,983)	48,343	-465%	(13,284)

This table reflects the operating budget (Financial Performance) in the standard classifications which is the Government Finance Statistics Functions and Sub-function. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures being used by the different institutions.

The main functions are Governance and administration, Community and public safety, Economic and environmental services and Trading services.

It is for this reason that Financial Performance is reported in standard classification, Table C2, and by municipal vote, Table C3

Operating Revenue:

Table C2 reflects the financial performance per Standard Classification and shows that most of the municipal funds are received under the Executive and Council classification. This is because the municipality budgets most of its income under the Governance and administration function of the Government Financial Statistics (GFS) classification.

Operational performance for the revenue budget totals **R162,013,362** for the period ending 31 March 2017. Based on an Eden budget of **R189,736,441** this represents **85.3%** of budgeted revenue. The main contributor towards this revenue performance is the Equitable Share allocation that represents **89%** of the municipal revenue.

Operating Expenditure

Operational performance for the expenditure budget totals **R125,633,475** for the period ending 31 March 2017. Based on an Eden budget of **R203,021,163** this represents a **61.8%** of budgeted expenditure. Spending consists mostly of the municipal operational activities.

The spending of transactions related to provisions and contributions can only be processed at year end with the compilation of the annual financial statements. All these cost items still need to be accounted for.

More details regarding the operational expenditures below.

4.1.3 Table C3: Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote)

DC4 Eden - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M09 March

Vote Description		Ref	Budget Year 2016/17								
			2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
Revenue by Vote											
Vote 1 - Executive and Council			224,683	175,785	178,792	38,893	155,971	134,094	21,877	16.3%	178,792
Vote 2 - Budget and Treasury Office			-	-	-	-	(17)	-	(17)	#DIV/0!	-
Vote 3 - Corporate Services			-	503	1,136	-	280	852	(572)	-67.2%	1,136
Vote 4 - Planning and Development			-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety			-	-	-	-	-	-	-	-	-
Vote 6 - Health			188	197	197	21	176	148	28	18.1%	197
Vote 7 - Sport and Recreation			8,085	8,288	8,288	533	5,498	4,716	782	16.6%	8,288
Vote 8 - Waste Management			1,417	-	3,168	-	-	-	-	-	3,168
Vote 9 - Road Transport			-	-	-	-	-	-	-	-	-
Vote 10 - Water			-	-	-	-	-	-	-	-	-
Vote 11 - Environmental Protection			255	155	155	7	106	116	(10)	-8.8%	155
Vote 12 - Roads Agency Function			143,180	132,000	144,000	-	-	108,000	(108,000)	-100.0%	144,000
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Revenue by Vote		2	375,786	314,906	333,736	40,454	162,013	247,928	(85,913)	-34.7%	333,736
Expenditure by Vote											
Vote 1 - Executive and Council		1	42,631	38,229	80,166	15,281	33,576	45,124	(11,547)	-25.6%	80,166
Vote 2 - Budget and Treasury Office			22,226	22,123	21,000	1,188	13,579	15,750	(2,172)	-13.8%	21,000
Vote 3 - Corporate Services			30,542	33,295	32,912	1,998	19,840	24,884	(4,843)	-19.6%	32,912
Vote 4 - Planning and Development			11,559	10,788	10,518	811	7,481	7,887	(426)	-5.4%	10,516
Vote 5 - Public Safety			45,889	25,501	28,753	2,489	20,738	22,315	(1,578)	-7.1%	28,763
Vote 6 - Health			31,304	27,848	28,928	2,127	19,313	20,198	(883)	-4.4%	28,928
Vote 7 - Sport and Recreation			21,117	12,732	11,069	888	7,255	8,301	(1,046)	-12.5%	11,069
Vote 8 - Waste Management			3,244	1,884	5,828	194	1,280	3,846	(2,566)	-86.7%	5,828
Vote 9 - Road Transport			4,083	2,384	2,384	254	989	1,773	(774)	-43.6%	2,384
Vote 10 - Water			20,812	850	589	-	388	442	(74)	-16.0%	589
Vote 11 - Environmental Protection			2,797	1,861	1,895	155	1,223	1,422	(199)	-14.0%	1,895
Vote 12 - Roads Agency Function			143,180	132,000	144,000	-	-	108,000	(108,000)	-100.0%	144,000
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		2	379,384	309,475	347,020	25,167	125,633	259,740	(134,107)	-51.6%	347,020
Surplus/ (Deficit) for the year		2	(3,598)	5,433	(13,284)	15,287	36,381	(11,814)	48,195	-407.9%	(13,284)

Revenue and expenditure reflects the operating performance per municipal vote. This is in accordance with the Government Financial Statistics (GFS) classification of the National Treasury.

Most of the municipal income is budgeted under the Executive and Council functions. Sport and Recreation (Resorts) is the other main municipal function where income budgeting is recorded.

Expenditure per municipal vote is distributed to ensure that the municipal expenditure reflects the functions where expenditure is allocated. This is done to ensure implementation of the Integrated Development Plan (IDP) and for Annual Reporting.

4.1.4 Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure)

DC4 Eden - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates								-		
Property rates - penalties & collection charges								-		
Service charges - electricity revenue								-		
Service charges - water revenue								-		
Service charges - sanitation revenue								-		
Service charges - refuse revenue								-		
Service charges - other								-		
Rental of facilities and equipment		1,345	1,424	1,424	103	1,228	1,088	159	16%	1,424
Interest earned - external investments		6,821	7,974	10,774	2,187	8,888	8,080	1,588	20%	10,774
Interest earned - outstanding debtors		754	799	799	114	907	800	307	51%	799
Dividends received								-		
Fines								-		
Licences and permits								-		
Agency services		15,882	14,500	15,000	1,828	10,055	11,250	(1,185)	-11%	15,000
Transfers recognised - operational		188,119	148,708	148,708	35,524	131,886	110,031	21,855	20%	148,708
Other revenue		165,255	143,603	158,031	889	8,472	118,273	(110,801)	-93%	158,031
Gains on disposal of PPE								-		
Total Revenue (excluding capital transfers and contributions)		375,786	314,908	333,738	40,494	182,013	230,302	(88,289)	-35%	333,738
Expenditure By Type										
Employee related costs		105,788	105,720	106,084	7,900	78,972	79,570	(2,588)	-3%	106,084
Remuneration of councillors		8,298	8,448	7,844	880	5,521	5,883	(363)	-6%	7,844
Debt impairment		1,080	1,080	1,080	-	-	785	(785)	-100%	1,080
Depreciation & asset impairment		3,800	4,087	3,670		1,980	2,752	(783)	-28%	3,670
Finance charges		89	-					-		
Bulk purchases								-		
Other materials								-		
Contracted services		81,805	11,214	17,888	1,088	10,469	13,273	(2,804)	-21%	17,888
Transfers and grants								-		
Other expenditure		187,028	178,946	210,655	15,477	30,712	157,981	(127,278)	-81%	210,655
Loss on disposal of PPE								-		
Total Expenditure		367,884	308,475	347,021	25,188	125,633	260,268	(134,632)	-52%	347,021
Surplus/(Deficit)										
		7,902	5,433	(13,285)	15,288	36,380	(9,964)	48,344	(0)	(13,285)
Transfers recognised - capital								-		
Contributions recognised - capital								-		
Contributed assets								-		
Surplus/(Deficit) after capital transfers & contributions		7,902	5,433	(13,285)	15,288	36,380	(9,964)			(13,285)
Taxation								-		
Surplus/(Deficit) after taxation		7,902	5,433	(13,285)	15,288	36,380	(9,964)			(13,285)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		7,902	5,433	(13,285)	15,288	36,380	(9,964)			(13,285)
Share of surplus/ (deficit) of associates										
Surplus/ (Deficit) for the year		7,902	5,433	(13,285)	15,288	36,380	(9,964)			(13,285)

Revenue by Source

Revenue by sources explains the types of incomes budgeted for and the performance of these items individually.

Rental of facilities and equipment:

Revenue of **R390 404 (27.4%)** was recorded for the third quarter and **R1 227 705** was recorded for the period ending 31 March 2017 in comparison to a budgeted amount of **R1,424,332**, representing an **86%** of total budgeted revenue. This income represents the municipal own income sources from rental of facilities.

Interest earned – External Investments:

The interest earned on external investments increased with **R3 631 339 (33.7%)** in the third quarter to **R9 666 189** against a budget of **R10 773 700**.

Interest earned – Outstanding debtors

The interest on outstanding debtor amounts to **R906,949** for the quarter ended 31 March 2017. Awaiting outcome with regards to the Councillors debt for travel claims. Fire Fighting section is addressing the disputes received with regards to final letter of demand for Fire Fighting debtor accounts.

Agency services

The municipality performs an agency function on behalf of the Department of Transport – Roads department. Monthly agency fees are collected from the department. 12% Admin fee is received on the original allocation and 3% on the cost of additional reseal projects. Year to date performance totals **R10 054 558**.

Transferred recognised – operational

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of Revenues Act's respectively.

The first instalment of **R59,205,000** for the Equitable Share was received during July 2016. The second instalment of **R32,343,000** for Equitable Share was received during December 2016. The last instalment of **R35,524,000** for Equitable Share was received during March 2017. The Financial Management grant of **R1, 250,000**, and Extended Public Works Project grant of **R250,000** were received during August 2016. During November 2016 the second tranche for the Extended Public Works Project grant of **R 450,000** were received. The Municipality received **R1,300,000** during September 2016 for the Rural Roads Asset Management Systems Grant and **R1,064,000** during December 2016. During February 2017 the last tranche for the Extended Public Works Project grant of **R300,000** were received. The Municipality also received **R120,000** from Provincial Treasury for financial aid for external bursaries during February month and **R280,000** respectively for Graduate Internship(**R60,000**) and MSOA (**R220,000**) from Provincial Treasury during March 2017

Total transfers recognised received for the year to date ended 31 March 2017 amounts to **R132,086,000**.

Other revenue / Sundry income

The majority of the Council own funded sources are budgeted under this category. The year to date performance totals R8,071,959. Examples of income included is resorts income and fire fighting fees.

The Executive Mayor, Municipal Manager and Chief Financial Officer is representing Eden on the Provincial District Municipalities Task Team and this will hopefully in future bear positive fruits in terms of revenue enhancement initiatives.

Expenditure by Type

Expenditure by type reflects the operational budget per main type/category of expenditures

Employee Related cost / Remuneration of councillors

Remuneration related expenditure for the third quarter amounts to R26 247 092 (23%) and year to date R82 492 266 of a budgeted amount of R113 942 989 which represents a 72.3% expenditure year to date. On 24 April 2017 Council took a decision to be remunerated on a grade 5 municipality for councillor remuneration. Funding must be identified for the outer years to fund the ± R2m increase.

Debt Impairment / Depreciation and asset impairment

The totals for depreciation and asset impairment year to date is R1 959 739 of a budgeted amount of R3 669 970 representing 53.3% of budget

Review of useful lives of assets are performed in June and will influence the depreciation figures for the year. With the year-end processes and the compilation of the financial statements this figure will be adjusted to ensure the municipality compile credible Annual Financial Statements.

Finance charges

The municipality have no outstanding loans for the current financial year and it is envisioned that no new loans will be taken up in the future.

Contracted services

Spending on contracted services increased with R4 044 190 to R10 469 285 in the third quarter representing 38.6% spending for the quarter. An increase in contracted services with regards to aerial support is expected for quarter three as January – March is high fire season months.

Transferred recognised – operational

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of Revenues Act's respectively.

This conditional grants consists of the Financial Management Grant of R1,250,000, EPWP Incentive Grant of R1,000,000, Rural Roads Asset Management Grant of R2,364,000 WCFMG Assistance Grant of R120,000 for external bursary programme, WCFMG Assistance Grant of R60,000 for graduate internship, WCFMG Assistance Grant of R220,000 for MSCOA assistance and the approved roll-over amount of R104,914 for Individual Performance Grant from Provincial Treasury. All the above conditional grants are to be reported on monthly and the expenditure for the quarter ended 31 March 2017 amounts to R1,346,968 and the year to date R132,86,000. Refer to page 27 Supporting Table C7 Transfers and Grants Expenditure.

Other expenditure

Most of the other expenditure is only accounted for at the end of the financial year. Spending on these will therefore be below budgeted amounts. This status quo will maintain until the end of the financial year. At the end of the financial year various year end transactions and corrections are processed. This will significantly influence the final expenditure totals of the municipality.

Currently ± R67 000 per month is paid for the rental of the fire station. The community services department is busy investigating the possible move of the fire station and / or building Eden DM's own fire station as R67 000 per month is an exorbitant amount to pay towards another person's property.

4.1.5 Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

Variances explained in Supporting Table C5

DC4 Eden - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M09 March

Vote Description	Ref	2016/17	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Executive and Council		7	1,680	3,653	-	-	2,740	(2,740)	-100%	3,653
Vote 2 - Budget and Treasury Office		140	-	39	3	28	29	(3)	-10%	39
Vote 3 - Corporate Services		1,126	405	1,041	82	102	781	(579)	-87%	1,041
Vote 4 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		775	970	817	-	15	613	(568)	-86%	817
Vote 6 - Health		11	-	105	23	50	79	(29)	-37%	105
Vote 7 - Sport and Recreation		217	1,870	586	8	191	423	(232)	-55%	586
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-
Vote 9 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 10 - Water		-	-	-	-	-	-	-	-	-
Vote 11 - Environmental Protection		15	480	493	-	404	370	34	9%	493
Vote 12 - Roads Agency Function		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	2,291	5,415	6,713	116	788	5,035	(4,247)	-84%	6,713
Single Year expenditure appropriation	2									
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 6 - Health		-	-	-	-	-	-	-	-	-
Vote 7 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-
Vote 9 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 10 - Water		-	-	-	-	-	-	-	-	-
Vote 11 - Environmental Protection		-	-	-	-	-	-	-	-	-
Vote 12 - Roads Agency Function		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	-	-	-	-	-	-	-	-	-
Total Capital Expenditure		2,291	5,415	6,713	116	788	5,035	(4,247)	-84%	6,713

The municipality records a capital spending of 11.7% of a budget of R6,713,294. Capital spending totals R787,694.

The capital budget of R6,713,294 consists mainly of the Swartvlei Septic Tank Project of R54,000, Pool Vehicle of R155,000, Fire Fighting - Various Equipment R200,000, IT Equipment R824,000, Finger Scanner R50,000, Smoke Detector R40,000, Steel Shelves R65,000, Radio Transmitter R400,000, Solar Project R3,100,000, Aeroquille Mobile Analyser R430,000, Weather Station R50,000, Council Chambers R200,000, Upgrading of Buildings / Resorts R185,000, Upgrading of Security System (HO) R150,000, Other Capital Items R810,494,71.

Provincial treasury required the municipality to provide more information in terms of the commitments of capital items on the budget. Refer to Section 11 for more details regarding the progress of the spending of capital budget projects.

MANCOM is prioritising capital projects to ensure budget is spend before 30 June 2017.

4.1.6 Table C6: Monthly Budget Statement - Financial Position

DC4 Eden - Table C6 Monthly Budget Statement - Financial Position - M09 March

Description	Ref	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		148,539	148,539	148,539	174,715	148,539
Call investment deposits				-		-
Consumer debtors		14,946	14,946	14,946	4,016	14,946
Other debtors		5,016	5,016	5,016	2,845	5,016
Current portion of long-term receivables		2,757	2,757	2,757		2,757
Inventory		4,279	4,279	4,279	4,091	4,279
Total current assets		175,537	175,537	175,537	185,687	175,537
Non current assets						
Long-term receivables		57,679	57,679	57,679		57,679
Investments		26	26	26	26	26
Investment property		85,712	85,712	85,712	85,570	85,712
Investments in Associate						
Property, plant and equipment		140,469	140,469	140,469	139,249	140,469
Agricultural						
Biological assets						
Intangible assets		2,101	2,101	2,101	1,595	2,101
Other non-current assets						
Total non current assets		285,987	285,987	285,987	226,440	285,987
TOTAL ASSETS		461,524	461,524	461,524	412,107	461,524
LIABILITIES						
Current liabilities						
Bank overdraft						
Borrowing						
Consumer deposits						
Trade and other payables		35,502	35,502	35,502	31,618	35,502
Provisions		2,713	2,713	2,713	6,428	2,713
Total current liabilities		38,215	38,215	38,215	38,046	38,215
Non current liabilities						
Borrowing						
Provisions		133,206	133,206	133,206	81,659	133,206
Total non current liabilities		133,206	133,206	133,206	81,659	133,206
TOTAL LIABILITIES		171,421	171,421	171,421	119,705	171,421
NET ASSETS	2	290,103	290,103	290,103	292,402	290,103
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		264,933	264,933	264,933	267,728	264,933
Reserves		25,170	25,170	25,170	24,676	25,170
TOTAL COMMUNITY WEALTH/EQUITY	2	290,103	290,103	290,103	292,402	290,103

The financial position of council is recorded at the end of the quarter 31 March 2017. This table excludes the figures for Roads department.

4.1.7 Table C7: Monthly Budget Statement - Cash Flow

DC4 Eden - Table C7 Monthly Budget Statement - Cash Flow - M09 March

Description	Ref	2016/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges								-		
Service charges								-		
Other revenue		182,933	159,427	183,347	2,732	20,882	145,010	(124,348)	-86%	183,347
Government - operating		188,119	148,708	129,616	35,524	131,886	97,212	34,474	35%	129,616
Government - capital				-			-			-
Interest		6,821	8,773	10,774	2,197	8,666	8,080	1,588	20%	10,774
Dividends				-				-		
Payments										
Suppliers and employees		(320,713)	(309,475)	(343,351)	(25,166)	(123,674)	(257,613)	(133,838)	52%	(343,351)
Finance charges		(88)						-		-
Transfers and Grants		(47,217)						-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		7,874	5,433	(9,615)	15,288	38,340	(7,211)	(45,551)	632%	(9,615)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-		
Decrease (increase) in non-current debtors								-		
Decrease (increase) other non-current receivables								-		
Decrease (increase) in non-current investments		26			122,100	98,179		98,179	#DIV/0!	
Payments										
Capital assets		(1,791)	(5,415)	(6,713)	(116)	(788)	(5,035)	(4,247)	84%	(6,713)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1,765)	(5,415)	(6,713)	121,984	97,391	(5,035)	(102,426)	2034%	(6,713)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits								-		
Payments										
Repayment of borrowing		(884)						-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		(884)	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		5,245	18	(16,328)	137,271	133,731	(12,246)			(16,328)
Cash/cash equivalents at beginning:		143,294	148,538	148,538		39,884	148,538			39,884
Cash/cash equivalents at month/year end:		148,538	148,557	132,211		175,624	136,293			23,588

The municipal cash flow position at the end of 31 March 2017 totals R175,624,408 as per bankstatement.

More detailed information regarding the cash position is tabled below that's giving a breakdown of the commitments against the cash of council.

REPORTING MONTH: 31 MARCH 2017		
Commitments against Cash & Cash Equivalents		
ITEM	Previous Month R'000	Current Month R'000
Bank balance as at 31 March 2017	39,893,597.52	175,624,408.10
Cash & Cash Equivalents	119,270,481.48	-
LESS:	104,502,031.07	121,917,517.26
Unspent Conditional Grants	5,320,721.38	4,284,614.27
Current portion long term liabilities	-	-
Provision for staff leave	6,419,967.00	6,419,225.00
Provision for staff shift allowance	1,082,500.00	1,082,500.00
Post Retirement Benefits	33,928,872.00	33,928,872.00
Current Portion: Allen Vegetation	5,399,178.00	5,399,178.00
Performance Bonus	515,015.00	515,015.00
Grant received in advance	11,838,715.25	37,909,500.00
Trade Payables	3,879,612.00	4,037,186.00
Unspent Capital budget 9 months	3,804,041.93	4,247,277.39
Unspent Operational budget 9 months	32,313,408.51	24,094,149.60
Sub total	54,662,047.93	53,706,890.84
PLUS:	2,119,564.46	2,120,710.14
VAT Receivable	-	-
Receivable Exchange	2,119,564.46	2,120,710.14
Other receivables after impairment	-	-
	56,781,612.39	55,827,600.98
LESS OTHER MATTERS:		
Capital Replacement Reserve	28,345,608.13	28,345,608.13
Sub Total	28,436,004.26	27,481,992.85
LESS: CONTIGENT LIABILITIES	10,599,684.00	10,599,684.00
Theunis Barnard	38,231.00	38,231.00
F du Toit (Vlcbay Theft)	376,750.00	376,750.00
Hoogbaard	600,000.00	600,000.00
I Gerber	21,840.00	21,840.00
Claim from Department of Public Works (Correctional Services Unlondale)	8,323,662.00	8,323,662.00
Keyser, Doorndrift Farm	839,201.00	839,201.00
K Langeveld	400,000.00	400,000.00
Surplus / (Deficit)	17,836,320.26	16,882,308.85

PART 2 – SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

Supporting Table SC3

DC4 Eden - Supporting Table SC3 Monthly Budget Statement - aged debtors - 30/03 March

Description		NT Code	Budget Year 2016/17										Actual Bad Debt Written Off against Debtors	Impairment - Bad Debt L.L.e Council Policy
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-180 Days	181-360 Days	Over 5yr	Total	Total over 90 days			
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water		1200								-	-			
Trade and Other Receivables from Exchange Transactions - Electricity		1300								-	-			
Receivables from Non-exchange Transactions - Property Rates		1400								-	-			
Receivables from Exchange Transactions - Waste Water Management		1500								-	-			
Receivables from Exchange Transactions - Waste Management		1600								-	-			
Receivables from Exchange Transactions - Property Rental Debtors		1700	110	101	88				2,041	2,278	2,041			
Interest on Arrear Debtor Accounts		1810								-	-			
Recoverable uncontracted, irregular, infrequent and wasteful expenditure		1820								-	-			
Other		1800	91	728	211				12,188	13,218	12,188			
Total By Income Source		2000	201	899	277	-	-	-	-	14,229	15,596	14,229	-	-
2015/16 - totals only														
Debtors Age Analysis By Customer Group														
Organis of State		2200								-	-			
Commercial		2300								-	-			
Households		2400	88	778	228				3,945	5,041	3,945			
Other		2500	105	157	51				10,284	10,557	10,284			
Total By Customer Group		2600	201	899	277	-	-	-	-	14,229	15,596	14,229	-	-

As accounted for above the increase in municipal outstanding revenue interest correlates with the increase of outstanding debtors of council. The municipality carries long outstanding overdue accounts longer than 3 years.

The collectability of these accounts is questionable, but the majority of these accounts consist of councillor accounts with regards to travelling allowances and cannot be written off without the approval of the MEC, and Fire Fighting fees. Fire section is busy investigating disputes with regards to the origin of the fire and whose responsibility it is.

The outstanding debtors of council at the end of 31 March 2017 totals R15,598m.

Section 6 – Creditors' analysis

Supporting Table C4

DC4 Eden - Supporting Table SC4 Monthly Budget Statement - aged creditors - M09 March

DC4 Eden - Supporting Table SC4 Monthly Budget Statement - aged Creditors - mcs march												Prior year
Description R thousands	NT Code	Budget Year 2016/17									Total	Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year			
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100										-	
Bulk Water	0200										-	
PAYE deductions	0300	1,404									1,404	
VAT (output less input)	0400										-	
Pensions / Retirement deductions	0500	1,287									1,287	
Loan repayments	0600										-	
Trade Creditors	0700										-	
Auditor General	0800										-	
Other	0800	-									-	
Total By Customer Type	1000	2,691	-	-	-	-	-	-	-	-	2,691	-

The short coming in the creditors system needs attention to ensure that more accurate reporting can be done in terms of the outstanding accounts by council.

This should improve the reporting in future in terms of outstanding creditors but for the time being year to date the status quo will maintain.

Eden is in process of acquiring a new financial system to be MSCOA compliant by 1 July 2017 and the reporting on the outstanding creditors will hopefully be addressed by the new financial system.

Section 7 – Investment portfolio analysis

7.1 Investment monitoring Information

The municipality invest access funds on a 30 days' short-term investment period in order to maximise the interest received and to have cash readably available when needed and is done in line with the Cash Management and Investment Policy of council.

With implementation of MSCOA, departments must provide cash flow projections on spending to the finance department which will enable the finance department to accurately perform cash flow projections.

This should be done in line with the Cash Management and Investment policy of council.

	Balance as at 01 March 2017	Movements for the month			Balance as at 31 March 2017	Interest earned Month	Interest earned Year to date
		Investments matured	Investments made	Interest capitalised			
Eden district municipality							
Interest Received YTD					-		
Standard Bank	40,000,000.00	-40,000,000.00			-	661,273.96	2,236,342.47
FNB	-	-			-	-	263,667.25
ABSA	-	-			-	-	1,321,336.06
Nedbank	40,000,000.00	-40,000,000.00			-	706,406.77	2,266,446.56
Investec Bank	40,000,000.00	-40,000,000.00			-	702,147.94	634,166.45
Standard Bank - Bank Guarantee Investment	139,486.81				140,245.01	766.20	6,561.52
BANK DEPOSITS	120,139,486.81	-120,000,000.00	-	-	140,245.01	2,106,565.89	6,962,476.35

Section 8 – Allocation and grant receipts and expenditure

8.1 Supporting Table C6

DC4 Eden - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M09 March

Description	Ref	2016/16	Budget Year 2016/17							
		Added Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		182,536	144,344	144,344	35,524	126,322	108,258	28,502	18.9%	144,344
Local Government Equitable Share		138,902	142,094	142,094	35,524	127,072	108,571	20,502	16.2%	142,094
Finance Management		1,250	1,250	1,250		1,250	938			1,250
Municipal Systems Improvement		630	-	-						-
EPWP Incentive		1,005	1,000	1,000		1,000	780			1,000
		20,849	-	-						-
	3	20,000	-	-						-
Other transfers and grants (insert description)										
Provincial Government:		2,183	2,364	2,364	-	2,364	1,773	591	33.3%	2,364
Integrated Transport Planning		900	-	-		-	-	-		-
Rural Roads Asset Management Grant	4	2,283	2,364	2,364		2,364	1,773	591	33.3%	2,364
Other transfers and grants (insert description)										
District Municipality:		-	-	-	-	-	-	-		-
(insert description)										
Other grant providers:		-	-	-	-	-	-	-		-
(insert description)										
Total Operating Transfers and Grants	5	186,119	146,708	146,708	35,524	131,688	110,031	21,653	19.2%	146,708

Performance reporting on grants will be enhanced to ensure compliance with the Division of Revenue Act.

All other unspent balances were addressed during the roll-over application process of National Treasury and Provincial Treasury.

8.2 Supporting Table C7

DC4 Eden - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M09 March

Description	Ref	2016/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>EXPENDITURE</u>										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		182,836	144,344	144,344	222	2,149	108,258	(108,118)	-88.0%	144,344
Local Government Equitable Share		138,802	142,084	142,084			108,571	(108,571)	-100.0%	142,084
Finance Management		1,250	1,250	1,250	148	1,375	938	438	48.7%	1,250
Municipal Systems Improvement		830	-	-			-	-	-	-
EPWP Incentive		1,008	1,000	1,000	74	766	780	15	2.0%	1,000
		20,849	-	-			-	-	-	-
		20,000	-	-			-	-	-	-
Other transfers and grants [insert description]										
Provincial Government:		3,183	2,364	2,364	254	998	1,773	(774)	-43.6%	2,364
Integrated Transport Planning		900	-	-			-	-	-	-
Rural Roads Asset Management Grant		2,283	2,364	2,364	254	998	1,773	(774)	-43.6%	2,364
Other transfers and grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants:		186,119	146,708	146,708	477	3,140	110,031	(106,881)	-87.1%	146,708

Performance reporting on grants will be enhanced to ensure compliance with the Division of Revenue Act that stipulates reporting on all grant performance should be done from the receiving officer. RSC Equitable Share is an unconditional grant hence the day-to-day running of the business are dependent on it.

Section 9 – Expenditure on councillor and board members allowances and employee benefits

Supporting Table C8

DC4 Eden - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M09 March

Summary of Employee and Councillor remuneration	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		5,901	6,950	4,828	525	4,511	3,471	1,039	30%	4,828
Pension and UIF Contributions		146	171	694	17	84	521	(438)	-94%	694
Medical Aid Contributions		214	278	120	9	73	90	(17)	-19%	120
Motor Vehicle Allowance		1,887	1,240	1,814	115	636	1,361	(725)	-63%	1,814
Cellphone Allowance		368	315	337	24	217	253	(36)	-14%	337
Housing Allowances										
Other benefits and allowances			500	250			188	(188)	-100%	250
Sub Total - Councillors		8,286	8,448	7,844	690	5,521	4,883	(363)	-6%	7,844
% Increase	4		1.8%	-5.4%						-5.4%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		3,554	3,718	3,718	320	2,730	2,757	(57)	-2%	3,718
Pension and UIF Contributions		652	687	687	40	488	515	(40)	-10%	687
Medical Aid Contributions		57	63	63	11	75	47	28	60%	63
Overtime										
Performance Bonus		546	554	554		0	416	(415)	-100%	554
Motor Vehicle Allowance		572	507	507	52	382	380	2	0%	507
Cellphone Allowance		33	33	33	7	22	25	(3)	-13%	33
Housing Allowances		84	84	84	7	63	63			84
Other benefits and allowances			200	200	3	3	150	(147)	-98%	200
Payments in lieu of leave			62	62		53	47	16	35%	62
Long service awards										
Post-retirement benefit obligations	2									
Sub Total - Senior Managers of Municipality		5,486	5,906	5,906	440	3,804	4,430	(825)	-14%	5,906
% Increase	4		7.4%	7.4%						7.4%
Other Municipal Staff										
Basic Salaries and Wages		69,572	62,094	62,508	5,037	46,320	46,862	(562)	-1%	62,508
Pension and UIF Contributions		12,451	14,001	13,199	951	8,648	9,889	(1,251)	-13%	13,199
Medical Aid Contributions		8,365	9,381	9,348	766	6,635	7,011	(376)	-5%	9,348
Overtime		1,253	1,255	2,527	108	1,899	1,895	4	0%	2,527
Performance Bonus										
Motor Vehicle Allowance		6,068	5,050	4,743	481	4,218	3,557	661	19%	4,743
Cellphone Allowance		132	358	225	1	4	188	(185)	-98%	225
Housing Allowances		728	884	733	52	538	550	(12)	-2%	733
Other benefits and allowances		1,342	1,522	2,321	76	578	1,741	(1,163)	-67%	2,321
Payments in lieu of leave		4,430	4,892	4,258		4,327	3,201	1,126	35%	4,258
Long service awards			377	315			236	(236)	-100%	315
Post-retirement benefit obligations	2									
Sub Total - Other Municipal Staff		100,291	89,814	100,198	7,460	73,168	75,141	(1,973)	-3%	100,198
% Increase	4		-0.5%	-0.1%						-0.1%
Total Parent Municipality		114,085	114,169	113,938	8,590	82,483	85,454	(2,971)	-3%	113,938

Remuneration related expenditure for the third quarter amounts to R30 366 276 (26.6%) and year to date R82,492,266 of a budgeted amount of R114,245,875 which represents a 72.2% expenditure year to date.

Section 10 – Material variances to the service delivery and budget implementation plan

The measurement of performance of the Municipality in terms of the Implementation of the Service Delivery and Budget Implementation plan are dealt with separately.

Section 11 – Capital programme performance

The table below provides information on capital budget spending:

CAPITAL PROJECTS - BUDGET PROGRESS AS AT 31 MARCH 2017							
Description	Total Budget	YTD Actual	Available Budget	%Spent	Action Plan for Underspending	Responsible Person	Due Date
SWARTYVLEI SEPTIC TANK - PROJECT	54 000.00	53 623.65	376.35	99.30% N/a			Completed
SMOKE DETECTORS	40 000.00	-	40 000.00	0.00%	In process - User department technical review, the smoke detectors ,the tender will awarded next week and shall be finalized by 31 May 2017	G. Joubert	31 May 17
FINGER SCANNER	50 000.00	-	50 000.00	0.00%	Finger scanners that is faulty, will be replaced by June 2017.	A. Grobler	Jun 17
UPGRADING OF BUILDINGS / RESORTS	185 000.00	-	185 000.00	0.00%	Please note that the following capital items for Properties and Resorts will be spent by 31 May 2017: • Upgrading of building/resorts (Budget: R185 000)	W. Fourie	31 May 17
SAFETY GATES (SPA)	7 500.00	-	7 500.00	0.00%	Will purchase safety gate motors during April 2017, and keep them, as the amounts budgeted is not sufficient to install new safety gates	W. Fourie	Apr 17
BLINDS (SPA)	3 000.00	-	3 000.00	0.00%	In process	W. Fourie	Jun 17
SAFETY GATES (DE HOEK)	5 000.00	-	5 000.00	0.00%	Will purchase safety gate motors during April 2017, and keep them, as the amounts budgeted is not sufficient to install new safety gates	W. Fourie	Apr 17
SOLAR PROJECT	3 100 000.00	-	3 100 000.00	0.00%	N/a - Money was spent on project, assets processed journal to capitalise expenses and will reflect in April month		Completed
OFFICE CHAIRS (DATA OFFICE)	4 000.00	4 000.00	-	100.00% N/a			Completed
OFFICE CHAIRS (SCM OFFICE)	8 800.00	8 800.00	-	100.00% N/a			Completed
HIGH BACK CHAIRS (CREDIT ORS)	8 100.00	3 143.79	4 956.27	38.81%	Order issues for additional chair to be purchased - will be processed during April	N. October	30 Apr 17
HIGH BACK CHAIRS (IBTO)	8 400.00	8 331.77	68.23	98.15%	N/a		Completed
VISITORS CHAIRS (BTO)	4 000.00	2 014.04	1 985.96	50.35%	All chairs were purchased - available are saving as chairs costs less then budgeted for		Completed
CHAIRS (REPLACEMENT OF JOC CHAIRS)	45 000.00	-	4 473.00	90.06%	N/a		Completed
OFFICE CHAIRS (FLAMINGO) (MHS GEORGE)	9 431.36	7 912.96	1 518.40	83.90%	N/a		Completed
FLUNG SHELVES (MHS GEORGE)	2 700.00	-	2 700.00	0.00%	To be completed by 31 May 2017		31 May 17
NEW WORKING STATION (MHS MARLON)	1 889.10	-	1 889.10	0.00%	To be completed by 31 May 2017		31 May 17
OFFICE CHAIRS (REGISTRY)	5 000.00	3 857.89	1 142.11	77.16%	N/a		Completed

BINDERS (REGISTRY)	4 500.00	3 745.61	754.39	83.24% N/A		Completed
OFFICE CHAIRS (COMMITTEE)	5 000.00	988.12	1 394.58	72.11% N/A		Completed
REPLACEMENT OF CHAIRS IN COUNCIL CHAMBER	200 000.00	-	200 000.00	0.00%	Currently In process	In process
OFFICE CHAIRS (MHS KLEIN KAROO)	2 000.00	-	2 000.00	0.00%	To be completed by 31 May 2017	31 May 17
SAVER HIGHBACK CHAIRS (7 MHS LANGEBERG)	6 941.06	-	6 941.06	0.00%	To be completed by 31 May 2017	31 May 17
FLAMINGO VISITORS CHAIRS (10) MHS LANGEBERG	11 571.00	-	11 571.00	0.00%	To be completed by 31 May 2017	31 May 17
DESK UNIT (1) LANGEBERG	8 685.00	-	8 685.00	0.00%	To be completed by 31 May 2017	31 May 17
OFFICE CHAIR - MOSSEL BAY	1 500.00	988.12	510.88	65.94%	To be completed by 31 May 2017	31 May 17
CABINET (LAKES AREA)	3 500.00	2 095.00	1 405.00	59.86%	To be completed by 31 May 2017	31 May 17
PEDESTAL FAN (LAKES AREA)	450.00	-	450.00	0.00%	To be completed by 31 May 2017	31 May 17
MOBILE AIR CON (LAKES)	2 000.00	1 095.61	904.39	54.78%	To be completed by 31 May 2017	31 May 17
HIGH BACK CHAIR LAKES AREA	2 672.43	1 885.09	787.34	70.54%	N/A	Completed
PEDESTAL FANS (5) -PLETT	2 400.00	2 057.89	192.11	92.00%	N/A	Completed
HIGHBACK CHAIRS (3) PLETT	5 344.86	3 925.12	1 419.74	73.44%	N/A	Completed
HINGED DOOR CUPBOARDS PLETT	3 920.00	2 095.00	1 825.00	53.44%	Process completed. Total cost of cupboard was R2237.32	Completed
OFFICE FURNITURE AIR QUALITY	13 400.00	10 694.91	1 317.09	90.17%	N/A	Completed
STEEL SHELVES	65 000.00	-	65 000.00	0.00%	The Steel shelves has been installed, order and grv has been finalized creditors need to make the payment.	In process
URN (MHS GEORGE)	1 200.00	855.22	344.78	71.27%	N/A	Completed
LAMINATOR (REGISTRY)	2 000.00	-	2 000.00	0.00%	Funds not enough for purchases - transfer of funds requested to purchase capital item	31 May 17
EQUIPMENT (SPA)	180 000.00	93 485.94	63 038.46	64.96%	Please note that the following capital items for Properties and Resorts will be spent by 31 May 2017: * Equipment - Callitcorp Spa (Sdill have available budget of R63 038)	31 May 17
REFRIGERATOR (MHS LANGEBERG)	3 310.90	2 904.21	406.69	87.72%	N/A	
VACUUM CLEANER (LANGEBERG)	3 189.00	-	3 189.00	0.00%	To be completed by 31 May 2017	31 May 17
LAMINATOR (LAKES AREA)	3 000.00	1 685.00	1 315.00	56.17%	To be completed by 31 May 2017	31 May 17
WATER URN 5 LITER	2 000.00	1 182.98	817.02	59.15%	To be completed by 31 May 2017	31 May 17
OFFICE CHAIRS (COMMUNICATIONS)	2 800.00	-	2 800.00	0.00%	To be completed by 31 May 2017	31 May 17
SHREDDER (SALARIES)	2 400.00	-	2 400.00	0.00%	In process currently at the buyers following SCM process	31 May 17
					So far everything is on schedule. The evaluation of the tenders we will begin as soon as "supply chain" provides the Tenders to IT, they first do their summaries. We will also reaffirm with all parties as agreed that this process be expedited.	
					Possible date to be considered	
					7 April Tenders close	
					10 April Supply Chain finish their summary of tenders received.	
					13 April ICT completed evaluation (Easter in between)	Jun 17
					21 April BID evaluation committee	
					3 May BAC	
					17 May SLA process starts (2 weeks "appeal" time) legal services	
					This leaves us with one and a half weeks to May 31st, that Legal Services has time for completion of "SLAs" before we can issue orders. The suppliers then has 30 days to deliver.	
OTP COMPUTER EQUIPMENT	824 000.00	93 942.57	706 542.56	14.25%		K Nieuwoudt

FIRE FIGHTING - VARIOUS EQUIPMENT ITEMS		200 000.00	1 008.77	146 448.23	26.78%	No Input received	Fire Chief	
RADIO TRANSMITTER		400 000.00	-	400 000.00	0.00%	The report in terms of the upgrade to the radio transmitter (R 400 000) will be tabled at the BAC this month, once approved the work can be completed within a period of 10 working days.	G. Otto	In process
AEROMILE MOBILE ANALYZER		430 000.00	350 877.20	38 790.80	90.96%	N/a		
WEATHER STATION		50 000.00	42 037.22	7 962.78	84.07%	N/a		
COUNCIL CHAMBERS		190 000.00	-	190 000.00	0.00%	Currently in process	W. Fourie	In process
UPGRADING OF SECURITY SYSTEM (HOF)		150 000.00	-	150 000.00	0.00%	No Input received		
TASK - PURCHASE OF EQUIPMENT		8 000.00	-	8 000.00	0.00%	No Input received		
CAMERA (DISASTER MANAGEMENT)		15 000.00	13 157.02	1 842.98	87.71%	N/a	G. Otto	
MAP HANGERS (DISASTER MGMT)		1 500.00	698.82	801.18	46.59%	No Input received	G. Otto	
LASER POINT WIRELESS PRESENTER (DISASTER)		600.00	-	600.00	0.00%	No Input received		
OVERHEAD PROJECTOR (MHS GEORGE)		5 190.00	4 473.68	716.32	86.20%	N/a		Completed
FREE CHLORINE METER (MHS GEORGE)		22 500.00	16 500.00	6 000.00	73.33%	N/a		Completed
HAND HELD RECORDING EQUIPMENT (COMMITTEE)		5 000.00	-	5 000.00	0.00%	No Input received		
DATA PROJECTOR (LOBRIE & OUTENIQUA)		8 500.00	-	8 500.00	0.00%	No Input received		
DONGEL (COMMITTEE)		20 000.00	-	20 000.00	0.00%	No Input received	W. Fourie	In process
EQUIPMENT (DE HOEK)		80 000.00	44 228.50	23 375.50	70.78%	N/a	W. Fourie	Jun 17
EQUIPMENT (SWARTVLEI)		50 000.00	-	50 000.00	0.00%	In process		
SCANNER: DATA OFFICE		3 400.00	-	3 400.00	0.00%	No Input received		
COUNTERFT MONEY DETECTOR DEVICE		3 000.00	-	250.00	91.67%	N/a	W. Fourie	In process
DSTV DECODER		1 000.00	-	631.00	63.10%	No Input received		
REFRIGERATOR (OFFICE MARI)		10 000.00	-	10 000.00	0.00%	No Input received		
POOL VEHICLES		155 000.00	-	155 000.00	0.00%	The process of procuring the vehicle has been initiated. In discussions with him and with information received from the finance department (Nathan Juries) the following applies:	Fire Chief/ C Sheldon	In process
						<ul style="list-style-type: none"> It was confirmed by the finance section that this procurement has to follow the process of an informal tender due to the amount of the procurement and served before the BAC The procurement has been finalized according to SCM processes and confirmed by Mr. Juries. The SIA is being drafted by the Legal section. 		
		6 713 294.71	787 693.64	5 724 999.30	15%			

Section 12 – Operational projects performance




Refer to the table below which illustrates the progress on operational projects as at 31 March 2017:

OPERATING PROJECTS - BUDGET PROGRESS AS AT 31 MARCH 2017							
Description	Total Budget	YTD actual	Available Budget	% Spent	Action Plan for Underspending	Responsible Person	Due Date
HOUSE TO HOME	40 000.00	-	40 000.00	0.00%	No input received	Council	
SPECIAL NEEDS - SPEAKER	40 000.00	-	40 000.00	0.00%	No input received	Council	
COMMUNITY DEVELOPMENT	150 000.00	8 550.00	141 450.00	5.70%	No input received	Council	
SPECIAL DEVELOPMENT FRAMEWORK	930 520.00	360 220.16	536 130.32	38.71%	No input received	W. Fourie	
MSCOA	1 000 000.00	113 651.50	886 348.50	11.37%	The SLA with the consultants ended end of February 2017. A S32 piggy back was approved by the BAC in March 2017. The assistance from the consultants commenced the last week of March for the MSCOA conversion, the first invoice for the new SCM process will only be paid in April. It is envisioned that the majority of the money will be paid during May with the conversion of the final budget that must be presented to council for approval end of May 2017.	L. Hoek	30 Jun 17
EMPLOYEE WELLNESS	10 000.00	-	10 000.00	0.00%	Wellness Days are arranged for 03 May 2017 - George; 04 May 2017 - Mosselbay; 5 May 2017 - Oudtshoorn	C. Scheepers	20 Jun 17
EXTERNAL BURSARIES	105 000.00	20 824.00	74 561.00	19.83%	A further 6 bursaries were awarded which will take up the whole amount	R. Salmons	31 May 17
OHS: STATUTORY REQUIREM. PROJECTS	92 000.00	80 031.98	3 778.93	86.99%	N/a		
EDUCATION FORUM	10 500.00	-	10 500.00	0.00%	Meeting with various Stakeholder will take place during April 2017 and May 2017. The Education Forum will be launch during June 2017	R. Salmons	20 Jun 17

SCOA IMPLEMENTATION	1 430 000.00	132 128.82	1 276 895.64	9.24%	Spending will be in line with mSCOA project plan	R. Alberts	30 Jun 17
CORPORATE GIFTS	20 000.00	-	20 000.00	0.00%	Fund was received in the adjustment budget period. Tourism Unit will start procurement process in April 2017.	M. Wilson	Apr 17
RECORDS CLEAN-UP PROJECT	80 000.00	-	80 000.00	0.00%	Appointed three people namely Christopher Gqilly, Xoliswa Bornvana, Zoliswa Makeleni. The project is for three months from 3 April to 30 June 2017 the funds will be spent monthly on salaries.	G. Joubert	03 Apr 17
EXTERNAL NEWSLETTER	90 000.00	42 796.77	47 203.23	47.55%	Tender was awarded for printing of newspapers for the financial year and last quarter newspaper still to be compiled and printed as per SLA.	M. Wilson	In process
INTERNAL NEWSLETTER	27 000.00	19 175.63	7 824.37	71.02%	Tender was awarded for printing of newspapers for the financial year and last quarter newspaper still to be compiled and printed as per SLA.	M. Wilson	In process
MEDIA ENGAGEMENT/GOODWILL SESSION	15 000.00	-	15 000.00	0.00%	Taking place in May 2017.	M. Wilson	May 17
RE-BRANDING CAMPAIGN/MATERIAL	48 500.00	37 938.36	9 772.63	78.22%	Ongoing as per requests from various Dept's		Ongoing
EVENTS COVERAGE	10 000.00	780.00	9 220.00	7.80%	Ongoing as per requests from Departments.	M. Wilson	Ongoing
SOCIAL MEDIA AWARENESS CAMPAIGN	5 000.00	-	5 000.00	0.00%	It was requested within the adjustments budget to be moved to Re-Branding vote; this was not done, but transfer of funding is in process in this regard.	M. Wilson	In process
MARKETING/AWARENESS CAMPAIGNS	5 000.00	-	5 000.00	0.00%	Ongoing; funding will be spent before June 2017.	M. Wilson	Ongoing
LED STRATEGY -	25 000.00	-	25 000.00	0.00%	Awaiting approval of SLA with SEDA for business training on the Waste Pickers Formalization project in Oudtshoorn	M. Wilson	Awaiting approval of SLA
SOUTH CAPE BUSINESS PARTNERSHIP	46 000.00	43 859.65	2 140.35	95.35%	N/a		
BRANDING/INVESTMENT PROMOTION WORKSHOPS	40 000.00	-	40 000.00	0.00%	In process of organising facilitator and task team for workshop to be held in May 2017.	M. Wilson	In process
FILM LOCATION GUIDE	54 000.00	-	54 000.00	0.00%	Film Skills Training Tender in process – first payment will be made end of April upon completion of recruitment process, second payment will be made end of May upon completion of training.	M. Wilson	31 May 17

LED FORUM	2 000.00	-	2 000.00	0.00%	No input received	M. Wilson	
GREENEST MUNICIPALITY AWARDS PROJECTS	130 000.00	-	90 000.00	0.00%	No input received	J. Compton	
IDP DOCUMENTS	15 250.00	-	15 250.00	0.00%	Money will only be spent when IDP is finalised and when the final document is printed	C. Domingo	31 May 17
IGR FORUMS	9 000.00	6 100.00	400.00	67.78%	Stakeholder engagement to commence during April and May 2017	C. Domingo	31 May 17
IDP INDABA AND STAKEHOLDER ENGAGEMENT	10 000.00	-3 600.00	13 600.00	-36.00%	Stakeholder engagement to commence during April and May 2017	C. Domingo	31 May 17
TOURISM INDABA	45 000.00	-	45 000.00	0.00%	Indaba is taking place from 16-18 May 2017; we are in process of starting the necessary processes e.g. procurement and approval to attend.	M. Wilson	16-18 May 2017
Tourism development-Eden School of Culinary Arts	100 000.00	87 719.30	12 280.70	87.72%	N/a		
TOURISM AND MARKETING MATERIAL	89 000.00	31 380.00	46 425.20	35.26%	No input received	M. Wilson	
Tourism / District Eco. Development	2 000.00	805.00	1 195.00	40.25%	No input received	M. Wilson	
WELCOME CAMPAIGN	5 000.00	4 320.00	680.00	86.40%	N/a		
WORLD TRAVEL MARKET AFRICA 2016(WWT & BEELD EXPO)	100 000.00	21 867.00	78 133.00	21.87%	No input received	M. Wilson	
TRAVEL FESTIVAL	45 000.00	-	45 000.00	0.00%	Travel festival to take place by end of May 2017. Procurement also to start by end April 2017.	M. Wilson	Apr 17
GARDEN ROUTE & KLEIN KAROO TOURISM APP	2 000.00	805.00	1 195.00	40.25%	No input received	M. Wilson	
Individual Performance Management	150 000.00	94 598.50	55 401.50	63.07%	Implementation in progress	I. Saalman	
PERFORM MGT APR/SDBIP	274 914.00	129 830.01	145 083.14	47.23%	Implementation in progress	I. Saalman	
TOUGHEST FIREFIGHTER ALIVE	74 916.68	67 592.51	7 324.17	90.22%	N/a		
MUNICIPAL HEALTH PROJECTS	98 000.00	69 090.30	28 909.70	70.50%	No input received	J. Compton	
INTEGRATED WASTE MGT - PLAN	170 000.00	76 311.85	93 688.15		The referred post number 01/10/26/01/5038/005 in which R 170 000.00 was made available to compile a Waste Management Policy and By-Law for the Eden District Municipal area. The final draft policy and by-law was submitted to the Council for approval to be promulgated for implementation. However Council take a decision to refer the policy and by-law to the next DCF meeting for discussion. Funds will be spend as soon as Council has come to a decision	M. Hubbe	Awaiting Council decision
Total	5 595 600.68	1 446 776.34	4 021 390.53	44.89%			

Section 13 – Section 11 withdrawals

 PROVINCIAL TREASURY Withdrawals from Municipal Bank Accounts In accordance with Section 11, Sub-section 1 (b) to (j) 		
NAME OF MUNICIPALITY:		EDEN DISTRICT MUNICIPALITY
MUNICIPAL DEMARCATION CODE:		DC4
QUARTER ENDED:		31 MARCH 2017
MFMA section 11, (1) Only the accounting officer or the chief financial officer of a municipality, or any other senior financial official of the municipality acting on the written authority of the accounting officer may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts, and may do so only -	Amount	Reason for withdrawal
(b) to defray expenditure authorised in terms of section 26(4);	none	
(c) to defray unforecastable and unavoidable expenditure authorised in terms of section 29(1);	none	
(d) in the case of a bank account opened in terms of section 12, to make payments from the account in accordance with subsection (4) of that section;	none	
(e) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state, including -	none	
(i) money collected by the municipality on behalf of that person or organ of state by agreement; or	none	
(ii) any insurance or other payments received by the municipality for that person or organ of state;	none	
(f) to refund money incorrectly paid into a bank account;	none	
(g) to refund guarantees, sureties and security deposits;	none	
(h) for cash management and investment purposes in accordance with section 13;	R 30,000,000.00	Short term investments
(i) to defray increased expenditure in terms of section 31; or	none	
(j) for such other purposes as may be prescribed.	R 76,530,380.70	Quarter 3 expenditure
(4) The accounting officer must within 30 days after the end of each quarter -		Name and Surname: M Stratu
(a) table in the municipal council a consolidated report of all withdrawals made in terms of subsection (1)(b) to (j) during that quarter; and		Rank/Position: Municipal Manager
(b) submit a copy of the report to the relevant provincial treasury and the Auditor-General.		Signature: 
Tel number	Fax number	Email Address
044 803 1340		corin@edendm.co.za
<p>The completed form must reach Mr Edwin Nkuna at the Provincial Treasury, Private Bag x 9165, 7 Wale Street, Cape Town, 8000, Tel: 021 483 8662, Fax 021 483 8623, Email: enkuna@pgwc.gov.za on or before the 15th of the month following the end of each quarter.</p>		

Section 14 – Municipal manager's quality certificate

NAVRAE: L Hoek
 ENQUIRIES:
 KONTAKNR: 044 803 1449
 CONTACT NO
 VERW: 6/18/7/2018-2017
 REF:
 KANTOOR: George
 OFFICES:
 DATUM: 13 April 2017
 DATE

**QUALITY CERTIFICATE**

I, M Stratu, the accounting officer of EDEN DISTRICT MUNICIPALITY (DC4), hereby certify that the-

(mark as appropriate)

- ☐ The monthly budget statement
- ☐ Quarterly report on the implementation of the budget and financial state affairs of the municipality
- ☐ Mid- year budget and performance assessment

for the quarter ended 31 MARCH 2017, has been prepared in accordance with the Municipal Finance Management Act (Act 56 of 2003) and regulations made under the Act.

Print Name

MADE STRATU

Accounting Officer of EDEN DISTRICT MUNICIPALITY (DC4).

Signature

Date

[Signature]
21/4/17

YORKSTRAAT 54 YORK STREET ED 12 GEORGE 6530

(044) 803 1300 ☎ 086 565 6303 E-POSTE-MAIL: info@eden.gov.za, WEBSITE: www.eden.gov.za

Q3 SDBIP PERFORMANCE

2016/2017

Summary of Results	
KPI Not Yet Measured	16
KPI Not Met	0
KPI Almost Met	0
KPI Met	14
KPI Well Met	1
KPI Extremely Well Met	2
Total KPIs	33

Office of the Municipal Manager								
Ref	Directorate	Provincial Strategic Outcome	GFS Classification	National Outcome	National KPA	Pre-determined Objectives		
TL1	Office of the Municipal Manager	Embed good governance and Integrated service delivery through partnerships and spatial alignment	Executive and Council	A responsive and accountable, effective and efficient local government system	Good Governance and Public Participation	To Implement municipal transformation and Institutional development		
TL2	Office of the Municipal Manager	Embed good governance and Integrated service delivery through partnerships and spatial alignment	Executive and Council	A responsive and accountable, effective and efficient local government system	Good Governance and Public Participation	Unspecified		
TL3	Office of the Municipal Manager	Embed good governance and Integrated service delivery through partnerships and spatial alignment	Executive and Council	A responsive and accountable, effective and efficient local government system	Good Governance and Public Participation	Unspecified		
TL4	Office of the Municipal Manager	Embed good governance and Integrated service delivery through partnerships and spatial alignment	Executive and Council	A responsive and accountable, effective and efficient local government system	Good Governance and Public Participation	Institutionalise performance management through-out the entire organisation		
TL5	Office of the Municipal Manager	Embed good governance and Integrated service delivery through partnerships and spatial alignment	Executive and Council	A responsive and accountable, effective and efficient local government system	Good Governance and Public Participation	Institutionalise performance management through-out the entire organisation		
TL6	Office of the Municipal Manager	Embed good governance and Integrated service delivery through partnerships and spatial alignment	Executive and Council	A responsive and accountable, effective and efficient local government system	Good Governance and Public Participation	To Implement municipal transformation and Institutional development		

NDP Objectives	Strategic Objective	Municipal IPA	KPI	Unit of Measurement	KPI Owner	Baseline	Source of Evidence
Developing a capable and Development State	Promote good governance	Good Governance and IGR	Compile the Risk based audit plan (RBAP) for 2017/18 and submit to the Audit Committee for consideration by June 2017	RBAP for 2017/18 compiled and submitted to the Audit Committee by 30 June 2017	Municipal Manager	1	1 Proof of submission and Minutes of Audit Committee meeting during which RBAP was submitted
Developing a capable and Development State	Promote good governance	Good Governance and IGR	Submit the updated risk register to the risk management committee by 31 March 2017	Updated risk register submitted to the risk management committee by 31 March 2017	Risk Officer	1	1 Proof of submission and Minutes of Risk Management Committee meeting during which risk register was submitted
Developing a capable and Development State	Promote good governance	Good Governance and IGR	Review the risk management policy that includes the strategy and implementation plan and submit to risk management committee by 31 May 2017	Reviewed risk management policy that includes the strategy and implementation plan submitted to risk management committee by 31 May 2017	Risk Officer	1	1 Agenda and minutes of RMC meeting where policy was reviewed. Proof of submission to RMC
Developing a capable and Development State	Promote good governance	Good Governance and IGR	Submit the Top layer SDRP for the 2017/18 budget for approval by the Mayor within 14 days after the budget has been approved	Top Layer SDRP for the 2017/18 budget submitted to the Mayor within 14 days after the budget has been approved	PMS manager	1	1 Approved T.LSDRP
Developing a capable and Development State	Promote good governance	Good Governance and IGR	Draft the annual performance report for 2015/16 and submit to the Auditor General by 31 August 2016	Annual performance report for 2015/16 drafted and submitted to the Auditor General by 31 August 2016	PMS manager	1	1 Acknowledgement of receipt of the AG
Developing a capable and Development State	Promote good governance	Good Governance and IGR	Facilitate the meetings of the Municipal Public Account Committee (MPAC)	Number of Municipal Public Account Committee (MPAC) meetings held	Municipal Manager	1	1 Minutes of meetings

Mar-17												
Reporting Category	Annual Target	Revised Target	KPI Calculation Type	Target	Actual	R	Performance Comment	Corrective Measures	Proof of Evidence	Departmental SDAP Comments	Departmental Corrective Measures	Departmental Proof of Evidence
Internal	1	1	1 Carry Over	0	0	0						
Internal	1	1	1 Carry Over	1	1	1				[D17] Risk Officer: Risk Assessment completed and discussed at RMC of 23 March 2017. Registers was distributed as an annexure. (March 2017)		[D17] Risk Officer: - Agenda Risk Management Committee 2017.03.23.pdf - Draft Minutes Risk Committee 2017.03.23.docx - Community risk register-Annual Assessment 17-18.xlsx - Corporate Risk Register - Annual Risk Assessment 17-18.xlsx - Financial Services Risk Register 17-18 Risk assessment.xlsx - Office of MM Risk Register-Annual Assessment 17-18.xlsx - Roads Risk Register-Annual Risk Assessment.xlsx (March 2017)
Internal	1	1	1 Carry Over	0	0	0						
Internal	1	1	1 Carry Over	0	0	0						
Internal	1	1	1 Carry Over	0	0	0						
Internal	2	2	2 Accumulative	1	1	1				[D21] Municipal Manager: Target meet (March 2017)		[D21] Municipal Manager: - Ntule - MPAC - 15 March 2017.doc (March 2017)

Financial Services

Ref	Directorate	Provincial Strategic Outcome	GFS Classification	National Outcome	National KPA	Pre-determined Objectives
TL23	Financial Services	Enable a resilient, sustainable, quality and inclusive living environment	Finance and Administration	A responsive and accountable, effective and efficient local government system	Basic Service Delivery	Execute regional bulk infrastructure planning, and implementation of projects
TL24	Financial Services	Embed good governance and integrated service delivery through partnerships and spatial alignment	Finance and Administration	A responsive and accountable, effective and efficient local government system	Municipal Financial Viability and Management	Institutionalising effective and cost efficient financial administration through financial reforms
TL25	Financial Services	Embed good governance and integrated service delivery through partnerships and spatial alignment	Finance and Administration	A responsive and accountable, effective and efficient local government system	Municipal Financial Viability and Management	Institutionalising effective and cost efficient financial administration through financial reforms
TL26	Financial Services	Embed good governance and integrated service delivery through partnerships and spatial alignment	Finance and Administration	A responsive and accountable, effective and efficient local government system	Municipal Financial Viability and Management	Enhancing resource and funding mobilisation from external sources to ensure more funds are available for the implementation of core functions and extended municipal mandates
TL27	Financial Services	Embed good governance and integrated service delivery through partnerships and spatial alignment	Finance and Administration	A responsive and accountable, effective and efficient local government system	Municipal Financial Viability and Management	Institutionalising effective and cost efficient financial administration through financial reforms

NIP Objectives	Strategic Objective	Municipal IPA	KPI	Unit of Measurement	KPI Owner	Baseline	Source of Evidence
Economy and Development	Conduct regional built infrastructure planning and implement projects, roads maintenance and public transport; manage and develop council fixed assets	Bulk Services, Roads, Public Transport and ICT	The percentage of the municipal capital budget spent on capital projects by 30 June 2017 (Actual amount spent on capital projects / Total amount budgeted for capital projects)	% of capital budget spent by 30 June 2017	CFO	90%	Expenditure captured in Abakus on Capital Projects Votes - Abakus report to Include actuals and budgeted amount per capital vote (Report provided by the CFO)
Economy and Development	Ensure financial viability of the Eden District Municipality	Financial viability	Financial viability measured in terms of the municipality's ability to meet its service debt obligations by 30 June 2017 ((Short Term Borrowing + Bank Overdraft) + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	CFO	30	Annual Financial Statements submitted to AG for auditing as compiled from actuals captured in Abakus
Economy and Development	Ensure financial viability of the Eden District Municipality	Financial viability	Financial viability measured in terms of the available cash to cover fixed operating expenditure by 30 June 2017 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Number of months that available cash is sufficient to cover the monthly operating expenditure	CFO	5.2	Annual Financial Statements submitted to AG for auditing as compiled from actuals captured in Abakus
Developing a capable and Development State	Ensure financial viability of the Eden District Municipality	Financial viability	Submit the annual financial statement of 2015/16 to the auditor-General by 31 August 2016	Annual financial statements of 2015/16 submitted by 31 August 2016	CFO	1	Proof of submission to the AG
Economy and Development	Ensure financial viability of the Eden District Municipality	Financial viability	Achieve a current ratio of 1 (Current assets : Current liabilities)	Number of times the municipality can pay back its short term liabilities with its short-term assets	CFO	1	Annual Financial Statements submitted to the AG for auditing as compiled from actuals captured in Abakus

Mar-17												
Reporting Category	Annual Target	Revised Target	KPI Calculation Type	Target	Actual	R	Performance	Corrective Measures	Proof of Evidence	Departmental SCDF Comments	Departmental Corrective Measures	Departmental Proof of Evidence
Internal	90%	90%	Last Value	0%	0%	0%						
Internal	30%	30%	Reverse Last Value	0%	0%	0%						
Internal	5.2	5.2	Last Value	0	0	0%						
Internal	1	1	Carry Over	0	0	0%						
Internal	1	1	Carry Over	0	0	0%						

Roads Services						
Ref	Directorate	Provincial Strategic Outcome	GFS Classification	National Outcome	National IPA	Pre-determined Objectives
T1.22	Roads Services	Enable a resilient, sustainable, quality and inclusive living environment	Road Transport	An effective, competitive and responsive economic infrastructure network	Basic Service Delivery	Reduce road Infrastructure maintenance backlog by 15%

MDP Objectives	Strategic Objective	Municipal IPA	KPI	Unit of Measurement	KPI Owner	Baseline	Source of Evidence
Economy and Development	Conduct regional bulk infrastructure planning and implement projects; roads maintenance and public transport; manage and develop council fixed assets	Bulk Services, Roads, Public Transport and ICT	Spent 95% of the roads maintenance budget allocation by 30 June 2017 (Actual expenditure divided by approved allocation received)	% of the roads maintenance budget spent by 30 June 2017	Senior Manager: Roads	95%	Roads maintenance expenditure as captured on Abacus in the Roads Ledger; Monthly cash flows derived from MCA plus addendums between Eden DM and Provincial Department of Transport.

Mar-17												
Reporting Category	Annual Target	Revised Target	KPI Calculation Type	Target	Actual	R	Performance	Corrective Measures	Proof of Evidence	Departmental SDSP Comments	Departmental Corrective Measures	Departmental Proof of Evidence
Internal	95%	95%	Carry Over	0%	0%							

Support Services						
Ref	Directorate	Provincial Strategic Outcome	GFS Classification	National Outcome	National KPA	Pre-determined Objectives
TL28	Support Services	Embed good governance and integrated service delivery through partnerships and spatial alignment	Finance and Administration	A skilled and capable workforce to support inclusive growth	Municipal Transformation and Institutional Development	To Implement municipal transformation and Institutional development
TL29	Support Services	Embed good governance and integrated service delivery through partnerships and spatial alignment	Finance and Administration	A skilled and capable workforce to support inclusive growth	Municipal Transformation and Institutional Development	To contribute towards the human resource development of Eden DM staff and the broader community through training programmes, internships and mentorships
TL30	Support Services	Embed good governance and integrated service delivery through partnerships and spatial alignment	Finance and Administration	A skilled and capable workforce to support inclusive growth	Municipal Transformation and Institutional Development	To Implement municipal transformation and Institutional development
TL31	Support Services	Embed good governance and integrated service delivery through partnerships and spatial alignment	Finance and Administration	A skilled and capable workforce to support inclusive growth	Municipal Transformation and Institutional Development	To Implement municipal transformation and Institutional development
TL32	Support Services	Create opportunities for growth and jobs	Finance and Administration	A skilled and capable workforce to support inclusive growth	Municipal Transformation and Institutional Development	To Implement municipal transformation and Institutional development
TL33	Support Services	Embed good governance and integrated service delivery through partnerships and spatial alignment	Finance and Administration	A responsive and accountable, effective and efficient local government system	Good Governance and Public Participation	Institutionalise performance management through-out the entire organisation

NIP Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	KPI Owner	Baseline	Source of Evidence
Developing a capable and Development State	Build a capacitated workforce and communities	Internal and External Capacity Building	Number of people from employment equity target groups that will be appointed in the three highest levels of management during the 2016/17	Number of people that will be appointed in the three highest levels of management in compliance with a municipality's approved employment	Executive Manager: Support Services	0/4	Approved Employment Equity quarterly progress report of 30 June 2017
Developing a capable and Development State	Build a capacitated workforce and communities	Internal and External Capacity Building	Spent 0.5% of personnel budget on training by 30 June 2017 (Actual total training expenditure divided by total personnel budget)	% of the personnel budget spent on training	Executive Manager: Support Services	0.50%	Abacus financial system VS25-consolidated statement for item (Vote number) / Section 71 In-Year Monthly & Quarterly Budget Statement for training
Developing a capable and Development State	Build a capacitated workforce and communities	Internal and External Capacity Building	Limit vacancy rate to 10% of budgeted post by 30 June 2017 (Number of funded posts vacant divided by number of budgeted funded posts)	% vacancy rate	Executive Manager: Support Services	15%	Signed quarterly vacancy/calculation reconciliation
Developing a capable and Development State	Build a capacitated workforce and communities	Internal and External Capacity Building	Review the organisational structure and submit to Council by 30 June 2017	Organisational structure reviewed and submitted to Council by 30 June 2017	Executive Manager: Support Services	1	Proof of submission. Agenda for the Council meeting
Developing a capable and Development State	Build a capacitated workforce and communities	Internal and External Capacity Building	Award 2 external bursaries to qualifying candidates by 31 March 2017	Number of external bursaries awarded	Executive Manager: Support Services	2	Signed bursary agreement
Developing a capable and Development State	Promote good governance	Good Governance and IGR	Compile and submit the final annual report and oversight report for 2015/16 to Council by 31 March 2017	Final annual report and oversight report for 2015/16 submitted to Council	Executive Manager: Support Services	1	Proof of submission. Agenda of Council

Mar-17												
Reporting Category	Annual Target	Revised Target	KPI Calculation Type	Target	Actual	R	Performance	Corrective Measures	Proof of Evidence	Departmental SDWP Comments	Departmental Corrective Measures	Departmental Proof of Evidence
Internal	0	0	0 Accumulative	0	0	0						
Internal	0.50%	0.50%	Carry Over	0%	0%	0%						
Internal	10%	10%	Reverse Last Value	10%	9.98%	B				[D199] Executive Manager: Support Services: Vacancy lists are resolved from the HR Section (January 2017)	[D199] Executive Manager: Support Services: Source of evidence changed. (January 2017)	[D199] Executive Manager: Support Services: Vacancy lists Organogram Payday Information Excel spreadsheet
Internal	1	1	1 Carry Over	0	0	0						
Internal	2	2	2 Carry Over	2	1	B				[D201] Executive Manager: Support Services: 4 x Roads		
Internal	1	1	1 Carry Over	1	1	B				[D202] Executive Manager: Support Services: Report served before Council (March 2017)		

Community Services						
Ref	Directorate	Provincial Strategic Outcome	GIS Classification	National Outcome	National IPA	Pre-determined Objectives
TL7	Community Services	Create opportunities for growth and jobs	Planning and Development	Decent employment through inclusive economic growth	Local Economic Development	Facilitate a conducive environment to stimulate Local Economic Development (LED) in the District
TL8	Community Services	Increase wellness, safety and tackle social ills	Public Safety	All people in south Africa protected and feel safe	Basic Service Delivery	Render disaster management and emergency services by ensuring legal compliance with regards to disaster management centre and ensuring that fire and rescue services are delivered in compliance with the South African National Standards code
TL9	Community Services	Increase wellness, safety and tackle social ills	Public Safety	All people in south Africa protected and feel safe	Basic Service Delivery	Render disaster management and emergency services by ensuring legal compliance with regards to disaster management centre and ensuring that fire and rescue services are delivered in compliance with the South African National Standards code
TL10	Community Services	Increase wellness, safety and tackle social ills	Public Safety	All people in south Africa protected and feel safe	Basic Service Delivery	Render disaster management and emergency services by ensuring legal compliance with regards to disaster management centre and ensuring that fire and rescue services are delivered in compliance with the South African National Standards code
TL11	Community Services	Increase wellness, safety and tackle social ills	Public Safety	All people in south Africa protected and feel safe	Basic Service Delivery	Render disaster management and emergency services by ensuring legal compliance with regards to disaster management centre and ensuring that fire and rescue services are delivered in compliance with the South African National Standards code
TL12	Community Services	Enable a resilient, sustainable, quality and inclusive living environment	Environmental Protection	Protection and enhancement of environmental assets and natural resources	Basic Service Delivery	To conserve and protect the district's natural environment by implementing initiatives that prevents environmental degradation
TL13	Community Services	Enable a resilient, sustainable, quality and inclusive living environment	Health	Improve health and life expectancy	Basic Service Delivery	Establish healthy communities by assisting to reduce child mortality and increase life expectancy in the district

TL14	Community Services	Enable a resilient, sustainable, quality and inclusive living environment	Environmental Protection	Protection and enhancement of environmental assets and natural resources	Basic Service Delivery	To conserve and protect the district's natural environment by implementing initiatives that prevents environmental degradation
TL15	Community Services	Increase wellness, safety and tackle social ills	Health	Improve health and life expectancy	Basic Service Delivery	Establish healthy communities by assisting to reduce child mortality and increase life expectancy in the district
TL16	Community Services	Increase wellness, safety and tackle social ills	Health	Improve health and life expectancy	Basic Service Delivery	Establish healthy communities by assisting to reduce child mortality and increase life expectancy in the district
TL17	Community Services	Increase wellness, safety and tackle social ills	Public Safety	All people in south Africa protected and feel safe	Basic Service Delivery	Render disaster management and emergency services by ensuring legal compliance with regards to disaster management centre and ensuring that fire and rescue services are delivered in compliance with the South African National Standards code
TL18	Community Services	Increase wellness, safety and tackle social ills	Health	Improve health and life expectancy	Basic Service Delivery	Establish healthy communities by assisting to reduce child mortality and increase life expectancy in the district
TL19	Community Services	Create opportunities for growth and jobs	Planning and Development	Decent employment through inclusive economic growth	Local Economic Development	Facilitate a conducive environment to stimulate Local Economic Development (LED) in the District
TL20	Community Services	Enable a resilient, sustainable, quality and inclusive living environment	Environmental Protection	All people in south Africa protected and feel safe	Basic Service Delivery	Render disaster management and emergency services by ensuring legal compliance with regards to disaster management centre and ensuring that fire and rescue services are delivered in compliance with the South African National Standards code
TL21	Community Services	Enable a resilient, sustainable, quality and inclusive living environment	Environmental Protection	All people in south Africa protected and feel safe	Basic Service Delivery	Render disaster management and emergency services by ensuring legal compliance with regards to disaster management centre and ensuring that fire and rescue services are delivered in compliance with the South African National Standards code

NIP Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	KPI Owner	Indicator	Source of Evidence
Economy and Development	Grow the district	LEO, Youth LED and Youth Enterprise entrepreneurship	Submit the EPWP business plan to the National Minister of Public Works for all internal projects by 30 June 2017	EPWP business plan submitted to the National Minister of Public Works by 30 June 2017	Executive Manager: Community Service	1. Copy of plan signed by MM and the relevant bill as proof of submission	
Building Safer Communities	Promote sustainable environmental management and public safety	Environment, Public Safety and Air Quality	Record and refer 85% of all calls received in 2016/17 in the Call Centre (% calculated by the system)	% of calls recorded and referred in 2016/17	Executive Manager: Community Service	85% Monthly Split Skill Summary Report generated from the CAD system	
Building Safer Communities	Promote sustainable environmental management and public safety	Environment, Public Safety and Air Quality	Hold quarterly meetings with disaster management role players as listed in section 51(1)(d) of the Disaster Management Act, Act 57 of 2002, as amended, to discuss regional disaster management issues	Number of quarterly meetings held	Executive Manager: Community Service	4 Minutes of meetings	
Building Safer Communities	Promote sustainable environmental management and public safety	Environment, Public Safety and Air Quality	Hold quarterly meetings with the Chief Fire Officers in the district	Number of quarterly meetings held	Executive Manager: Community Service	New Performance Indicator for 2016/17 Minutes of meetings	
Building Safer Communities	Promote sustainable environmental management and public safety	Environment, Public Safety and Air Quality	Execute 2 emergency preparedness exercises by 30 June 2017	Number of emergency preparedness exercises executed by 30 June 2017	Executive Manager: Community Service	2. Copy of approved emergency exercise programme and minutes of the debriefing	
Environmental Sustainability and Resilience	Promote sustainable environmental management and public safety	Environment, Public Safety and Air Quality	Implement 4 emission testing (air quality) initiatives by 30 June 2017	Number of emission testing (air quality) initiatives implemented by 30 June 2017	Executive Manager: Community Service	4 Results and/or test reports	
Healthcare for all	Healthy and socially stable communities	Municipal Health and Environmental Waste	Hold quarterly meetings with the Eden Air Quality stakeholders forum	Number of quarterly meetings held	Executive Manager: Community Service	4 Minutes of meetings and attendance registers	

Environmental Sustainability and Resilience	Promote sustainable environmental management and public safety	Environment, Public Safety and Air Quality	Raise environmental awareness through 4 awareness sessions with the community by 30 June 2017	Number of sessions held by 30 June 2017	Executive Manager: Community Service	3. Approved programme and attendance registers
Healthcare for all	Healthy and socially stable communities	Municipal Health and Environmental Waste	Raise Public Health awareness through 8 awareness sessions with the community by 30 June 2017	Number of sessions held by 30 June 2017	Executive Manager: Community Service	4. Approved programme and attendance registers
Healthcare for all	Healthy and socially stable communities	Municipal Health and Environmental Waste	Publish 4 articles on community services focus areas (municipal health, disaster management, environmental services, etc) in the media by 30 June 2017	Number of articles published in the media by 30 June 2017	Executive Manager: Community Service	3. Copies of Published Articles
Building Safer Communities	Promote sustainable environmental management and public safety	Environment, Public Safety and Air Quality	Provide 8 first-aid training sessions by 30 June 2017	Number of first-aid training sessions provided by 30 June 2017	Executive Manager: Community Service	3. Attendance registers
Healthcare for all	Healthy and socially stable communities	Municipal Health and Environmental Waste	Provide 8 food safety training to the community by 30 June 2017	Number of food safety training sessions provided by 30 June 2017	Executive Manager: Community Service	4. Attendance registers
Economy and Development	Grow the district	LED, Youth LED and Youth Entrepreneurship	Create job opportunities through the Expanded Public Works Programme (EPWP) by 30 June 2017	Number of job opportunities created through the Expanded Public Works Programme (EPWP) by 30 June 2017	Executive Manager: Community Service	3.2. Signed contracts of employment on EPWP projects with a start between (and including) 1 July 2016 to 30 June 2017
Building Safer Communities	Promote sustainable environmental management and public safety	Environment, Public Safety and Air Quality	Hold quarterly Internal Climate Change Task Team meetings	Number of quarterly meetings held	Executive Manager: Community Service	New Performance Indicator for 2016/17 Minutes of meetings
Building Safer Communities	Promote sustainable environmental management and public safety	Environment, Public Safety and Air Quality	Hold quarterly District Waste Management Forum meetings	Number of quarterly meetings held	Executive Manager: Community Service	New Performance Indicator for 2016/17 Minutes of meetings

Mar-17									
Reporting Category	Annual Target	Revised Target	KPI Calculation Type	Target	Actual	Performance	Corrective Measures	Proof of Evidence	Departmental Corrective Measures
Internal	1	1	1 Carry Over	0	0				Departmental Proof of Evidence
Internal	85%	85%	Stand-Alone	85%	88.84%				[D35] Executive Manager: Community Services: Monthly Split Skill Summary Report generated from the CAD system - Calls.pdf - Municipal Disaster Management Call Cent January 2017.htm (January 2017) [D36] Executive Manager: Community Services: Monthly Split Skill Summary [D36] Executive Manager: Community Services: Minutes of meetings - RIMS WC_PCAC_Minutes_JS_2017-09-14.pdf - RIMS WC_PCAC_Attendance Reg_ST_2017-02-17.pdf (March 2017)
Internal	4	4	Accumulative	1	1				[D38] Executive Manager: Community Services: Meeting took place 16 February 2017 (March 2017)
Internal	4	4	Accumulative	1	1				[D40] Executive Manager: Community Services: Meeting took place on 10 February 2017 (March 2017)
Internal	2	2	Accumulative	0	0				
Internal	4	4	Accumulative	1	1				[D42] Executive Manager: Community Services: Conducted TEST0520 emission monitoring at industry (March 2017)
Internal	4	4	Accumulative	1	1				[D43] Executive Manager: Community Services: Held Eden Working Group meeting with external Air quality stakeholder forum. (March 2017)
Internal	4	4	Accumulative	1	1				[D42] Executive Manager: Community Services: Test report attached. Opsomming van Lessings.docx (March 2017) [D43] Executive Manager: Community Services: Meeting minutes and attendance register attached. - Minutes of Working Group meeting 16 February 2017.docx - Working Group Meeting 16 February 2017.pdf (March 2017)

Internal	4	4	Accumulative	1	1						[D44] Executive Manager: Community Services: Target reached (March 2017)	[D44] Executive Manager: Community Services: Approved programme and attendance register. - D44 Programme Towerkop Primary School Worksheet	[D44] Executive Manager: Community Services: Approved programme and attendance register.
Internal	11	11	Accumulative	2	11						[D45] Executive Manager: Community Services: Target reached. (March 2017)	[D45] Executive Manager: Community Services: Approved programme and attendance register. - D45 Health & Hygiene Training: Aslan attendance register.	[D45] Executive Manager: Community Services: Approved programme and attendance register.
Internal	4	4	Accumulative	1	1						[D46] Executive Manager: Community Services: Target reached. (March 2017)	[D46] Executive Manager: Community Services: Article attached. - D 46 Blue Drop Certification Water Quality Monitoring: Bratsberg.docx	[D46] Executive Manager: Community Services: Attendance registers - First Aid training.pdf (March 2017)
Internal	8	8	Accumulative	1	1						[D47] Executive Manager: Community Services: First Aid training took place on 9 March 2017 (March 2017)	[D47] Executive Manager: Community Services: Attendance registers - First Aid training.pdf (March 2017)	[D47] Executive Manager: Community Services: Attendance registers - First Aid training.pdf (March 2017)
Internal	8	8	Accumulative	1	1						[D48] Executive Manager: Community Services: Target reached. (March 2017)	[D48] Executive Manager: Community Services: Approved programme and attendance. - D 48 Outschool.pdf	[D48] Executive Manager: Community Services: Approved programme and attendance.
Internal	50	50	Accumulative	0	0						[D49] Executive Manager: Community Services: Target reached (March 2017)	[D49] Executive Manager: Community Services: Minutes of meeting. - D 50 Minutes_30 Feb_2017_Bien DM Internal Climate Change Adaptation Meeting.docx (March 2017)	[D49] Executive Manager: Community Services: Minutes of meeting. - D 50 Minutes_30 Feb_2017_Bien DM Internal Climate Change Adaptation Meeting.docx (March 2017)
Internal	4	4	Accumulative	1	1						[D50] Executive Manager: Community Services: Meeting took place on 22 February 2017 (March 2017)	[D50] Executive Manager: Community Services: Minutes of meetings - ESWAF Minutes 22.02.2017.docx (March 2017)	[D50] Executive Manager: Community Services: Minutes of meetings - ESWAF Minutes 22.02.2017.docx (March 2017)

DISTRICT COUNCIL

29 MAY 2017

DC 164/05/17

**REPORT ON THE NEW WORKING HOURS FOR EDEN DISTRICT
MUNICIPALITY / *VERSLAG RAKENDE DIE NUWE WERKSURE VIR EDEN*
DISTRIKSMUNISIPALITEIT / INGXELO NGESIPHAKAMISO SEYURE
EZINTSHA ZOKUPHANGELA ZOMASIPALA WESITHILI SE EDEN
(581427)**

(4/1/2/4/13)

09 May 2017

REPORT FROM THE MUNICIPAL MANAGER (MG STRATU)**PURPOSE OF THE REPORT**

To note the action of the Municipal Manager regarding the implementation of the new working hours for Eden District Municipality.

BACKGROUND

The Employer received requests from Labour regarding proposed new working hours for Eden District Municipality. (Refer to **Annexure A**). Consultation took place with the Executive Mayor, Municipal Manager and Labour (Samwu & Imatu) regarding the request on 04 April 2017.

Afterwards, both unions duly consulted with their members respectively. (Refer to letters attached as **Annexure B**).

The matter was discussed at a Management meeting held on 25 April 2017. During the meeting it was resolved as follows:

- *That the working hours be changed as follows:*
Mondays to Thursdays: 07:30 to 16:30 with thirty (30) minutes lunch between 12:00 and 13:00.
Fridays: 07:30 to 13:30 with no lunchtime.
- *That a report in this regard be submitted to the Local Labour Forum and Mayoral Committee.*
- *That the changing of working hours be advertised in the media.*
- *That all stakeholders be informed of the change in the working hours*

Consequent to the above resolution, the Municipal Manager implemented the above Management resolution accordingly as at 01 May 2017. (Refer to memorandum dated 26 April 2017 attached as **Annexure C**).

FINANCIAL IMPLICATIONS

Costs for notices in newspapers.

RELEVANT LEGISLATION

Sections 9 and 14 of the Basic Conditions of Employment Act, Act 75 of 1997 and Regulations.

UITVOERENDE OPSOMMING

Die Uitvoerende Burgemeester het die versoek vir die wysiging in werksure van Eden Distriksmunisipaliteit goedgekeur. Voldoende konsultasie het plaasgevind tussen die Werkgewer en Arbeid asook tussen Arbeid en hul onderskeie lede. Die Munisipale Bestuurder het genoemde besluit vanaf 01 Mei 2017 geïmplementeer.

RECOMMENDATION:

1. That Council takes note that the working hours of Eden District Municipality changed from 01 May 2017 as follows:
 - Mondays to Thursdays: 07:30 to 16:30 with thirty (30) minutes lunch between 12:00 and 13:00.
 - Fridays: 07:30 to 13:30 with no lunchtime.
2. That Council takes note that the changed working hours were advertised in the media accordingly.
3. That Council takes note that all stakeholders were informed of the changed working hours accordingly.

AANBEVELING

1. *Dat die Raad kennis neem van die werksure van Eden Distriksmunisipaliteit wat vanaf 01 Mei 2017 soos volg verander het:*
 - *Maandae tot Donderdae: 07:30 tot 16:30 met dertig (30) minute ete tussen 12:00 en 13:00.*
 - *Vrydae 07:30 tot 13:30 met geen etenstyd.*
2. *Dat die Raad kennis neem dat die veranderde werksure dienoooreenkomstig geadverteer was.*
3. *Dat die Raad kennis neem dat alle rolspelers dienoooreenkomstig in kennis gestel is van die veranderde werksure.*

ISINDULULO

1. Sesokuba iBhunga lithathele ingqalelo amaxesha okusebenza atshintshileyo oMasipala Wesithili se Eden ukususela ngomhl a01 kuCanzibe 2017 nangala alandelayo:
 - NgoMvulo ukuya NgoIweSine: 07:30 ukuya 16:30 nemizuzu engamashumi amathathu ekhefu phakathi ko 12:00 kunye no 13:00.
 - NgoLwesihlanu: 07:30 ukuya 13:30 ngaphandle kwekefu.
2. Sesokuba iBhunga lithathele ingqalelo ukutshintsha kwemaxesha okuphangela nathe apapasha konondaba ngokufanelekileyo.
3. Sesokuba iBhunga lithathele ingqalelo ukuba bonke abachaphazelekayo baye baziswa ngenguqu kumaxesha okusebenza.



South African Municipal Workers Union

Garden Route Karoo Region

57 York Street, Park wood Buildings

George

6530

Tel : 044 803 1439

Email : bonjstie@edendm.co.za

The Municipal Manager

Eden District Municipality

George

23 March 2017

Dear Mr M Stratu

Cc Labour Relations Officer



Proposed New Working Hours

South African Municipal Workers Union request that the following working hours be considered by MANCOM and that feedback be brought to LLF and a recommendation for endorsement from Council. The proposal from SAMWU is that the following working ours be:

Option 1:

Monday to Thursday: 07h30to 16h30, with 30 minute lunch between 12h00 and 13h00

Friday: -07h30 to 14h00, with 30 minute lunch from 12h00 to 12h30,

Or

Option 2:

Monday to Thursday: 07h30 to 16h15, with 30 minutes lunch between 12h00 and 13h00.

Friday: 07h30 to 15h00 with 30 minutes lunch between 12h00 and 13h00.

The reason for the proposal is to give our members ample time on a Friday afternoon to attend to personal matters, like going to the banks, SARS etc especially on payday Friday. The current system of putting leave cause a bit of disruption within working schedules. Further more Eden DM is not receiving any service payments from the public which might hamper service delivery.

Regards.

Bonisle Desha

Secretary of SAMWU EDEN DM

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Annexure B.

**IMATU****INDEPENDENT MUNICIPAL AND ALLIED TRADE UNION***Social Transformation Through Sustainable Local Government*PO Box 8083
PAARL, 7620**WESTERN CAPE
REGION**Tel: 044-808 1404/(c) 084 900 8888
Fax:**EDEN BRANCH / TAK**

Our Ref No.:

Your Ref No.:

Enquiries: R. Dyantyl/BC

Date: 24 April 2017

Dear Mr M Stratu

RE: EDEN DISTRICT MUNICIPAL WORKING HOURS 2017.

We hereby refer to the consultative meeting on 04 April 2017 with Municipal Manager, regarding the above-mention. IMATU consulted its members on 21 April 2017, whereby we discussed this matter with the members and the meeting resolved that we should agree with employer on the proposed working hours.

Please note that EHP (Mossel bay Office) will engage with Executive Manager Community Services to propose alternative.

This communiqué serves as a confirmation that the Eden IMATU branch agrees with proposed working hours, Monday – Thursday 7:30 – 16:30 with 30 minutes lunch and Friday 7:30 – 13:00 no lunch.

Kind regards,

**R. Dyantyl
IMATU EDEN BRANCH**

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WORKING TOGETHER FOR YOU

Registration number: LR2403/833

IMATU is an authorized Financial Services Provider – License no. 32303 • IMATU is a Registered Credit Provider – Registration no. NCRCP0037

REPRESENTATIVES: S. Khosa (President), K. Ewanezopol (Deputy President), J. Koen (General Secretary), E. Brunker (Regional Manager),
H. Collier (NCC Vice-President), F. Williams (NCC & Regional Chairperson), P. Dwyer (NCC)



South African Municipal Workers Union

Garden Route Karoo Region

57 York Street, Park wood Buildings

George

6530

Tel: 044 803 1439

Email: bonisile@edendm.co.za

The Municipal Manager

Eden District Municipality

George

24 Apr. 17

Dear Mr M Stratu

Collabor Relations Officer

Proposed New Working Hours

South African Municipal Workers Union supports the proposed New Working Hours as per our engagement as Unions (IMATU and SAMWU) with the Municipal Manager and his Executives.

Monday to Thursday: 07h30 to 16h30, with 30 minute lunch between 12h00 and 13h00

Friday: 07h30 to 13h30, with no lunch.

Regards

Bonisile Dasha

Secretary of SAMWU EDEN DM



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24/4/17 DATE

MEMORANDUM

**KANTOOR VAN DIE UITVOERENDE BESTUURDER
KORPORATIEWE/STRATEGIESE DIENSTE
OFFICE OF THE EXECUTIVE MANAGER: CORPORATE/STRATEGIC SERVICES**

NAVRAE: ENQUIRIES:	B Holtzhausen	
VERW: REF:	8/2/3	
KANTOOR: OFFICES:	George	
DATUM: DATE:	26 April 2017	
AAN: TO:	All Eden DM Employees	
VAN: FROM:	Municipal Manager	
AFSKRIFTE: COPIES:	Records	
INSAKE: REGARDING:	OFFICIAL WORKING HOURS: MAY 2017	

A proposal was presented to Mancom regarding the amendment of Eden DM's official working hours.

The proposed amendment is as follows:

Mondays to Thursdays - 07h30 – 16h30 with 30 minutes lunch

Fridays: - 07h30 – 13h30 with no lunch

Consultations took place with the Executive Mayor, Councillors as well as the trade unions as can be seen from the attached correspondence from both SAMWU (Annexure A) and IMATU (Annexure B) regarding the matter.

It is therefore the instruction of the Municipal Manager to implement the amendment of the official working hours of Eden DM from the 1st of May 2017.

Regards



**M STRATU
MUNICIPAL MANAGER**

DISTRICT COUNCIL

29 MAY 2017

DC 165/05/17

**EDEN DISTRICT MUNICIPALITY REVISED RISK MANAGEMENT
POLICY, STRATEGY AND IMPLEMENTATION PLAN FOR THE 2017/18
FINANCIAL YEAR / EDEN DISTRIKSMUNISIPALITEIT HERSIENE
RISIKO-BESTUURSBELEID, STRATEGIE EN IMPLEMENTERINGSPLAN
VIR DIE 2017/18 FINANSIËLE JAAR / INGXELO YOMASIPALA
WESITHILI SE EDEN NGOMGAQO WOKUSENGCIPHEKWENI
OLUNGELELANISIWEYO WONYAKAMALI KA 17/18 (581410)**

(4/1/2/4/3)

10 May 2017

REPORT FROM THE MUNICIPAL MANAGER (MG STRATU) / RISK OFFICER (L JAMES)

PURPOSE OF THE REPORT

To submit the revised Risk Management Policy, Strategy and Implementation Plan for 2017/18 to Council for approval.

BACKGROUND

The revision of the Risk Management Policy, Strategy and Implementation Plan focused on aligning the documents to the templates provided by National Treasury (<http://www.treasury.gov.za/>) to ensure completion and compliance to national norms.

The revised Risk Management Policy and accompanying documents was workshopped at the Risk Management Committee meeting held on 23 March 2017.

Risk Management is a process of identifying potential events that could have an impact on the achievement of the entity's objectives. It could further be described as the likelihood or probability of an event occurring and the impact or consequence it might have on the municipality operations. This includes measuring or assessing risk and developing strategies to manage the risk.

In terms of Section 62 (1) (c) (i) of the Municipal Finance Management Act (MFMA), "the accounting officer of a municipality must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."

The only notable changes are the following:

- i) the exclusion of the OHS policy extract. This policy is currently in draft form and can for this reason not be included at this point in time.
- ii) the Risk Universe was included as the absence thereof was an internal audit finding during the 16/17 financial year.
- iii) the municipality's risk appetite was set at a residual rating of 37

FINANCIAL IMPLICATIONS

None

RELEVANT LEGISLATION

- Section 62 (1) (c) (i) of the Municipal Finance Management Act, No.56 of 2003
- The King III Code of Corporate Practices and Conduct 2010.
- The King IV Code of Corporate Practice and Conduct 2016
- National Treasury Regulations, 2005.

UITVOERENDE OPSOMMING

Eden Distriksmunisipaliteit het 'n Risiko Bestuursbeleid saamgestel en was nagesien deur die Risikobestuurskomitee, in lyn met die nodige wetgewing en Nasionale Tesourie riglyne van 2005.' n Kwartaalverslag rakende die implementering van aksies sal ook ingedien word.

Die Risiko Bestuursbeleid en aanhangsels is opgestel deur die risiko afdeling. Hierdie is dokumente wat die risiko afdeling vir die volgende finansiële jaar gaan lei.

RECOMMENDATION

That Council approves the revised Risk Management Policy, Strategy and Implementation Plan for the 2017/18 financial year.

AANBEVEELING

Dat die Raad die hersiene Risiko Bestuursbeleid, Strategie en Implementeringsplan vir 2017/18 finansiële boekjaar, goedkeur. word.

ISINDULULO

Sesokuba uMgaqo Wolawulo Lokusengciphekweni, Ubuchule kunye Nesicwangciso Sokumisela kunyakamali ka 2017/2018 uphunyezwe.

APPENDIX

- A. 2017_18 Draft Risk Management Policy,
- B. 2017_18 Draft Strategy – Annexure A
- C. 2017_18 Draft Implementation plan – Annexure B

POLICY

Risk Management Policy

Date approved:

Council Resolution Number:

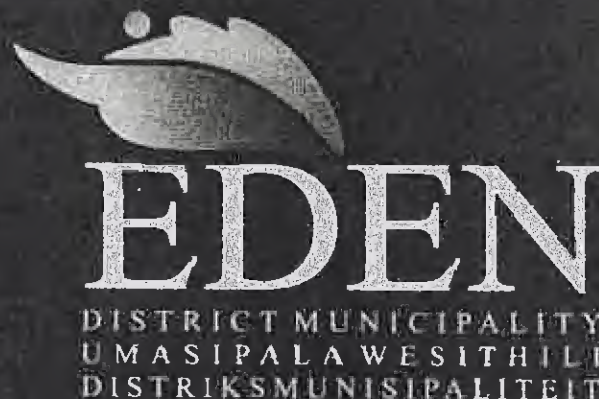


TABLE OF CONTENTS

1. INTRODUCTION	1
2. RISK AND RISK MANAGEMENT	1
3. LEGAL FRAMEWORK AND GUIDANCE	1
3.1 Local Government: Municipal Systems Act, No 32 of 2000	1
3.2 Local Government: Municipal Finance Management Act, No 56 of 2003	1
3.3 Other Legislation	2
3.4 The Public Sector Risk Management Framework	2
3.5 The King IV Code of Governance for South Africa, 2016	2
4. BENEFITS OF RISK MANAGEMENT	2
5. PURPOSE OF THE POLICY	2
6. SCOPE OF THE POLICY	3
7. THE POLICY	3
8. RISK MANAGEMENT PROCESSES	4
8.1 Risk Universe	4
8.2 Impact and Likelihood risk rating scales	4
8.3 Inherent & Residual Risk	5
8.4 Risk Appetite	5
8.5 Risk Categories	5
9. ROLE PLAYERS	5
9.1 RISK MANAGEMENT OVERSIGHT	6
9.1.1 Council	6
9.1.2 Audit & Performance Audit Committee (APAC)	6
9.1.3 Risk Management Committee	6
9.2 RISK MANAGEMENT IMPLEMENTERS	6
9.2.1 Accounting Officer	6
9.2.2 Management	6
9.2.3 Other Officials	6
9.3 RISK MANAGEMENT SUPPORT	7
9.3.1 Chief Risk Officer	7
9.3.2 Risk Champion	7
9.4 RISK MANAGEMENT ASSURANCE PROVIDERS	7
9.4.1 Internal Audit	7
9.4.2 External Audit	7
10. POLICY REVIEW	7

11. REFERENCES	7
12. RISK MANAGEMENT STRATEGY: ANNEXURE A.....	8
12.1 Introduction	8
12.2 Purpose of this Document	8
13. IMPLEMENTATION OF RISK MANAGEMENT	8
13.1 Reporting Lines	8
13.2 Roles and Responsibilities	9
13.2.1 Executive Authority (Council)	9
13.2.2 Audit Committee	9
13.2.3 Risk Management Committee (RMC)	10
13.2.4 Accounting Officer (Municipal Manager).....	10
13.2.5 Internal Audit	11
13.2.6 Management	11
13.2.7 Chief Risk Officer (CRO)	12
13.2.8 Risk Champion.....	12
13.2.9 Other Officials.....	13
13.3 Risk Management Process	13
13.4 Detailed Implementation Plan	16
14. STRATEGY REVIEW	24
15. REFERENCES	24

ANNEXURE A – Risk Management Strategy

ANNEXURE B – Risk Management Implementation Plan

1. INTRODUCTION

The Accounting Officer has committed Eden District Municipality (Eden DM) to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Finance Management Act (MFMA), Act no 56 of 2003.

The Eden DM process of risk management is informed by this Risk Management Policy, a Risk Management Strategy (Framework) [Annexure A] and a Risk Management Implementation Plan [Annexure B].

2. RISK AND RISK MANAGEMENT

Risk refers to a beneficial or unwanted outcome, actual or potential, to the organisation's service delivery and other performance objectives, caused by the presence of risk factors. Some risk factors also present upside potential, which management must be aware of and be prepared to exploit. Such opportunities are encompassed in this definition of risk.

Risk management is a systematic and formalised process instituted by the organisation to identify, assess, manage and monitor risks.

3. LEGAL FRAMEWORK AND GUIDANCE

The Municipality's legal responsibilities and best practices governing risk management include:

3.1 Local Government: Municipal Systems Act, No 32 of 2000

- Section 83 states that - measures must be taken around service providers that minimise the possibility of fraud and corruption.
- Section 104 states that - loss control on municipal equipment be minimized thereby reducing the possibility of fraud and corruption and that this will be regulated by the MEC.

3.2 Local Government: Municipal Finance Management Act, No 56 of 2003

- Section 62 states that:

"(1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure

(c) that the municipality has and maintains effective, efficient and transparent systems –

(i) of financial and risk management and internal control;"

- Section 166 states that:

"(2) An audit committee is an independent advisory body which must –

(a) advise the municipal Council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to –

(ii) risk management;"

3.3 Other Legislation

Legislation concerning risk management is contained in various other pieces of legislation and the Municipality needs to take cognizance of these requirements when addressing the risk exposures of specific Directorates/Departments. These would include inter alia - the Occupational Health and Safety Act, Construction Regulations, Environmental Legislation, Housing Acts, CPA, etc.

3.4 The Public Sector Risk Management Framework

The Public Sector Risk Management Framework (PSRMF) by National Treasury provides a generic guide for the implementation of risk management strategies in the public service, and suggests that risk management is a formal step-by-step process that can be applied at all levels of a Department. These principles need to be implemented within the context of each Department who should implement this framework in the development of their own risk management strategies.

The Municipality's RMC adopted the National Treasury: Public Sector Risk Management Framework (RKCO07/12/08) to ensure that a service delivery imperative exists for ERM (benchmark).

3.5 The King IV Code of Governance for South Africa, 2016

The King IV Code has nine focus areas and the principles to be applied in each are of equal importance and together forms a holistic approach to governance. The Governance of Risk is one of these focus areas and in turn is broken up into governance elements, principles and recommended practices.

3.6 ISO 31000

ISO 31000 is an International Standard that provides a generic approach, principals and guidelines for managing of any form of risk in a systematic, transparent and credible manner and within any scope and context.

4. BENEFITS OF RISK MANAGEMENT

EDM will implement and maintain an effective, efficient and transparent system of risk management and internal control. Risk management will assist the municipality to achieve, among other things, the following outcomes needed to underpin and enhance performance:

- more sustainable and reliable delivery of services;
- informed decisions underpinned by appropriate rigour and analysis;
- achievement of strategic goals as set out in the Integrated Development Plan;
- reduced waste;
- prevention of fraud and corruption;
- better value for money through more efficient use of resources; and
- better outputs and outcomes through improved project and program management.

5. PURPOSE OF THE POLICY

Compliance and Corporate Governance the Municipal Finance Management Act requires compliance in respect of risk management and this policy's objective is to enable and secure compliance. King III requires the governance of risk through a formal risk management processes.

To set the principles, deliverables and processes through which risk management needs to be performed at least at a compliance level.

EDM recognizes that risk management is a systematic and formalized process to identify, assess, manage and monitor risks and therefore adopts a comprehensive approach to the management of risk. Risk Management must become a culture within the organisation and integrated into all business processes to enhance performance.

6. SCOPE OF THE POLICY

The objective of the Risk Management Policy includes the following:

- To align risk-taking behaviour with the strategic business objectives in the integrated development plan;
- To promote a risk management culture within the organisation and improve risk transparency to all stakeholders;
- To maximise value and net worth by managing risks that impact on the defined financial and performance drivers;
- To assist the municipality in enhancing and protecting those opportunities that represents the greatest service delivery benefits. (National Treasury, 2011) This policy applies throughout the organisation in as far as risk management is concerned.

7. THE POLICY

The realisation of our strategic plan depends on us being able to take calculated risks in a way that does not jeopardize the direct and indirect interests of council and the general public. Sound management of risk will enable us to anticipate and respond to changes in our service delivery environment, as well as take informed decisions under conditions of uncertainty.

We subscribe to the fundamental principles that all resources will be applied economically to ensure:

- The highest standards of service delivery;
- A management system containing the appropriate elements aimed at minimising risks and costs in the interest of council and the general public;
- Education and training of all our staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to council's expectations; and
- Maintaining an environment which promotes the right attitude and sensitivity towards council and public satisfaction.

An entity-wide approach to risk management is adopted by EDM, which means that every key risk in each part of the organisation will be included in a structured and systematic process of risk management. It is expected that the risk management processes will become embedded into the organization's systems and processes, ensuring that our responses to risks remain current and dynamic. All risk management efforts will be focused on supporting the organization's objectives. Equally, they must ensure compliance with relevant legislation, and fulfil the expectations of employees, council, communities and other key role players in terms of corporate governance.

8. RISK MANAGEMENT PROCESSES

8.1 Risk Universe

The risk universe is a collection of risks built on environmental analysis and external benchmarking.

It includes all the legislation (acts and regulations); the strategic intentions as outlined in the IDP, SDBIP and the municipality's Organizational Performance Scorecards, business plans; operations and activities of the municipality. It comprises of both Eden and Roads risks, from operational at worker level to Strategic at management level.

8.2 Impact and Likelihood risk rating scales

Individual risks are to be assessed in terms of the Heat Map/Risk Matrix below which takes the Likelihood and Impact of a risk into consideration to determine the severity of the risk. This is a subjective process and is therefore not a mathematical process with predetermined criteria, processes and predictable outcomes. Sound judgment, reasoning and discretion is required when deciding whether or not one risk is more critical than another; whether or not a risk requires further attention or not; and to what an extent effort and resources should be invested in managing a particular risk.

HEAT MAP/RISK MATRIX

Likelihood	High	Certain		40	50	60		100
		9-10		45	54	63		90
		Likely			48	56	64	80
		7-8			42	49	56	63
		Possible				42	48	54
		5-6					40	45
		Unlikely						40
		3-4						30
	Low	Rare						20
		1-2						10
		Insignificant	Minor	Moderate	Major	Extreme		
		Low Impact High						

Risk Rating	Escalation
High	High rated risks fall between 70 and 100. This means the probability of the risk eventuating is high and likely to happen. The risk needs to be monitored and managed accordingly. (Minimum monitoring: monthly/weekly review depending on the severity)
Medium	Medium risks are rated between 40 and 69. Although a risk could materialize the impact is low and effort and resources invested should be managed accordingly. (Minimum monitoring: quarterly review)

Low	These risks have low impact and low likelihood i.e. both rated below 40 out of 100. It is a low risk that requires little if any attention, effort or resource investment. (Minimum monitoring annual review)
-----	---

Impact is determined as the impact the occurrence of an event would have on the organisation. The likelihood is assessed based on the probability that an event would occur, determined qualitative on past occurrences and expectancies in the future.

EDM utilises a 10 x 10 risk matrix for the determination of impact and likelihood. The implementation of the risk matrix is further discussed in the risk management strategy.

8.3 Inherent & Residual Risk

The COSO framework defines inherent risk as the risk to an entity in the absence of any actions management would take to mitigate, considering the risk environment, the impact and likelihood of a risk. Therefore, the residual risk would be the risk exposure to the organisation after internal controls have been implemented. It is important to identify both, as it assists the internal audit unit in the preparation of their risk based internal audit plan.

8.4 Risk Appetite

The risk appetite is determined by the municipality based on the amount of risk the organisation is willing to accept, in striving to achieve its strategic objectives. The risk appetite is determined annually during the annual risk assessment processes. Risk Appetite is currently rated at 37.

Risk appetite:

- Enables an improved consistency of decision making at all levels through improving risk understanding;
- Provides a framework for knowingly excepting risks within defined boundaries;
- Improves the ability of the Audit & Risk Committee to challenge recommendations of management by providing a benchmark of what level of risk is defined as acceptable; and
- Derives real value from the assessment of risk over and above compliance purposes.

EDM consider risk appetite qualitatively, with such categories as extreme, high, medium or low, or may take a quantitative approach, reflecting and balancing goals for capital expenditure, budgets and risk.

8.5 Risk Categories

EDM focuses on the following risk categories; Operational, Strategic and Fraud risks.

The operational and strategic risks are subcategorised into financial, governance, health and safety and IT risks. Fraud risks are elaborated in the Fraud Risk Management Policy

9. ROLE PLAYERS

Every employee is responsible for executing risk management processes and adhering to risk management procedures laid down by the organisation's management in their areas of responsibilities.

9.1 RISK MANAGEMENT OVERSIGHT

9.1.1 Council

The council of EDM takes an interest in risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the organisation against significant risks.

9.1.2 Audit & Performance Audit Committee (APAC)

The APAC is an independent committee responsible for oversight of the municipality's control, governance and risk management. The responsibilities of the Audit Committee with regard to risk management are formally defined in its charter. The Audit Committee provides an independent and objective view of the effectiveness of the municipality's risk management process.

9.1.3 Risk Management Committee

The Risk Management Committee is appointed by the Accounting Officer to assist management to discharge their responsibilities for risk management. The Committee's role is to review the risk management progress and maturity of the organization, the effectiveness of risk management activities, the key risks facing the organization, and the responses to address these key risks. The responsibilities of the Risk Management Committee are formally defined in its charter.

9.2 RISK MANAGEMENT IMPLEMENTERS

9.2.1 Accounting Officer

The Accounting Officer is accountable for the organization's overall governance of risk. By setting the tone at the top, the Accounting Officer promotes accountability, integrity and other factors that will create a positive control environment.

9.2.2 Management

Management is responsible for executing their responsibilities outlined in the risk management strategy and for integrating risk management into the operational Routines.

9.2.3 Other Officials

Other officials are responsible for integrating risk management into their day-to-day activities. They must ensure that their delegated risk management responsibilities are executed and continuously report on progress.

9.3 RISK MANAGEMENT SUPPORT

9.3.1 Chief Risk Officer

The Chief Risk Officer (CRO) is the custodian of the Risk Management Strategy, and coordinator of risk management activities throughout the organization. The primary responsibility of the Chief Risk Officer is to bring to bear his/her specialist expertise to assist the organization to embed risk management and leverage its benefits to enhance performance.

9.3.2 Risk Champion

The Risk Champion's responsibility involves intervening in instances where the risk management efforts are being hampered, for example, by the lack of co-operation by Management and other officials and the lack of organisational skills and expertise. Additionally, the risk champions of each organisation must on a quarterly basis report to the CRO on new risks or any changes to the existing risks based on the occurrence of events.

9.4 RISK MANAGEMENT ASSURANCE PROVIDERS

9.4.1 Internal Audit

The role of the Internal Audit in risk management is to provide an independent, objective assurance on the effectiveness of the organisation's system of risk management. Internal Auditing must evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement where necessary.

9.4.2 External Audit

The external auditor (Auditor-General) provides an independent opinion on the effectiveness of risk management.

10. POLICY REVIEW

This Policy shall be reviewed annually to reflect the Municipality's current stance on risk management.

11. REFERENCES

- The information contained in this Risk Management Policy, as well as the general structure hereof, was sourced mainly from templates and guidebooks supplied by National Treasury on its website (<http://www.treasury.gov.za/>).
- Knysna Municipality – Risk policy
- George Municipality
- Swellendam Municipality

12. RISK MANAGEMENT STRATEGY: ANNEXURE A

12.1 Introduction

Eden District Municipality (EDM) has undertaken to embed a culture of Enterprise Risk Management (ERM) within the municipality and to identify, assess, manage, monitor and report risks to ensure the achievement of objectives as identified in the IDP.

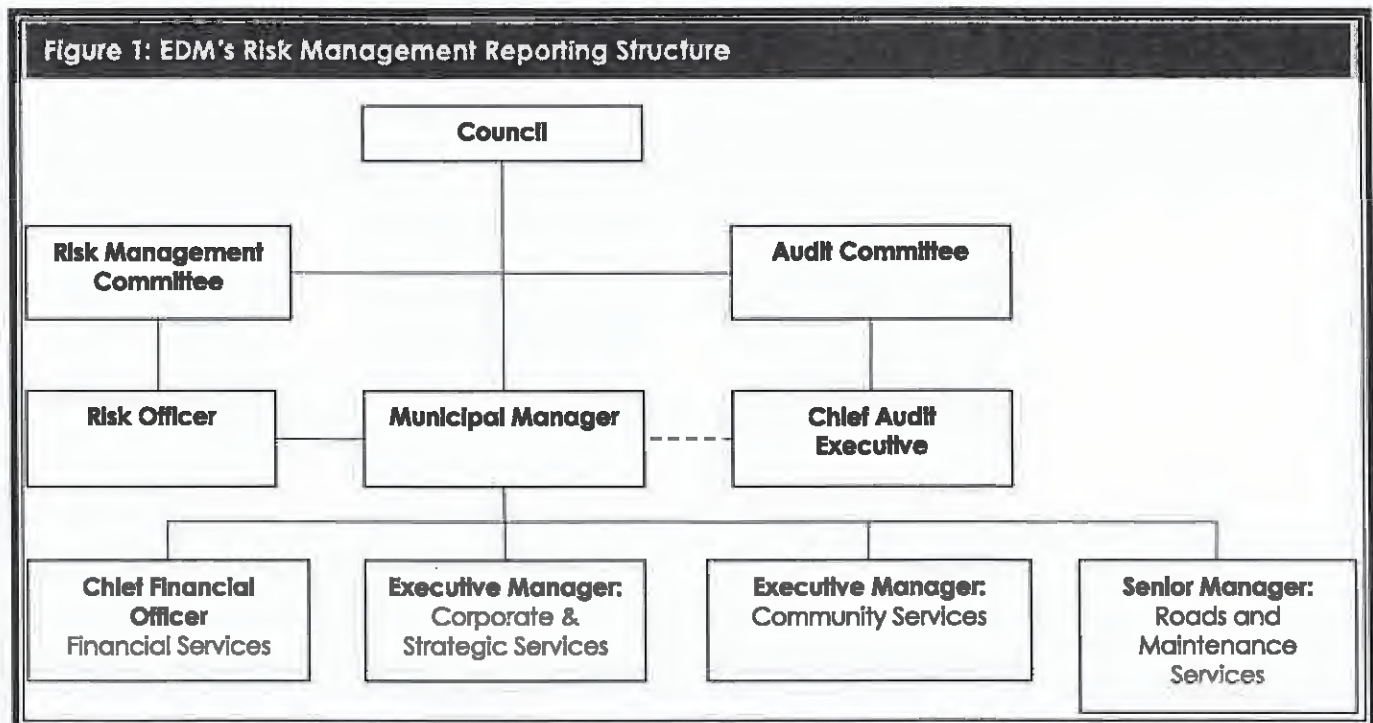
12.2 Purpose of this Document

The purpose of the risk management strategy is to take what is in the risk management policy and apply it in this strategy and sets out all risk management activities planned for the 2017/2018 financial year. This document also provides insight as to how the municipality will implement risk management.

13. IMPLEMENTATION OF RISK MANAGEMENT

13.1 Reporting Lines

The structures through which risk management will be reported within EDM are set out below.



13.2 Roles and Responsibilities

All personnel within EDM have a responsibility for maintaining good internal control and managing risk in order to achieve the municipality's objectives. To assist personnel with understanding their roles and responsibilities, the following tables of guidelines per role player has been included:

13.2.1 Executive Authority (Council)

Council is responsible for the governance of risk and will report to the community, on the municipality's system of internal control to provide comfort that the municipality is protected against significant risks to ensure the achievement of objectives as detailed in the Service delivery and Budget Improvement Plan (SDBIP). To fulfil its mandate with regard to ERM, council must:

Ref.	Activity	Frequency
01	determine the levels of risk appetite with guidance from the Chief Chief Risk Officer (CRO) and the Risk Management Committee (RMC);	Annually
02	approve the risk management policy, strategy and implementation plan by council resolution;	Annually
03	approve the fraud prevention policy, strategy and implementation plan by council resolution;	Annually
04	ensure that IT, fraud and Occupational Health and Safety (OHS) risks are considered as part of the municipality's risk management activities;	Annually
05	ensure that risk assessments (strategic and operational) are performed by reviewing the RMC reports;	Bi-annually
06	Disclose how they have satisfied themselves that risk assessments, responses and interventions are effective as well as undue, unexpected or unusual risks and any material losses (the annual report to include a risk disclosure).	Bi-annually

13.2.2 Audit Committee

The Audit Committee is vital to, among other things, ensure that financial, strategic, operational and fraud risks are identified and managed. To fulfil its mandate with regard to ERM, the Audit Committee must:

Ref.	Activity	Frequency
07	formally define its responsibility with respect to risk management in its charter;	Annually
08	meet on a quarterly basis (minutes of the RMC meeting should be a standard agenda item at these meetings);	Quarterly
09	include statements regarding risk management performance in the annual report;	Annually
10	provide an independent and objective view of the municipality's risk management effectiveness;	Annually
11	evaluate the effectiveness of Internal Audit in its responsibilities for risk management;	Annually
12	ensure that a combined assurance model is applied to provide a coordinated to all assurance activities;	On-going
13	review the internal and external audit plans to assure themselves that the plans address the risk areas of the municipality;	Annually

Ref.	Activity	Frequency
14	review the risk registers and critical risk areas at each meeting; and	Quarterly
15	advise Council on any matters that come to their attention that require Council intervention.	When required

13.2.3 Risk Management Committee (RMC)

A RMC is appointed by the Municipal Manager to assist the Municipal Manager in discharging his/her duties. To fulfil its mandate the RMC must:

Ref.	Activity	Frequency
16	formally define its roles and responsibilities with respect to risk management in its charter;	Annually
17	meet on a quarterly basis;	Quarterly
18	review and approve the risk appetite;	Annually
19	review and recommend to Council for approval, the risk management policy, strategy and implementation plan;	Annually
20	review and recommend to Council for approval, the fraud risk management policy, strategy and implementation plan;	Annually
21	evaluate and amend top strategic risks;	Quarterly
22	advise council on how to improve management of the municipalities risks;	Annually
23	review risk management progress;	Quarterly
24	provide a timely and useful ERM report to the Audit Committee. The report should contain the current top strategic risks of EDM, which includes: <ul style="list-style-type: none"> the key strategic & financial risks facing the municipality (All extreme and high inherent risk exposures); the key operational risks per Strategic goal (minimum the top 5 identified risks); and Any risk developments (changes) / incidents / losses; and recommendations to address any deficiencies identified. 	Quarterly
25	measure and understand the municipality's overall exposure to IT risks and ensure that proper processes are in place;	Quarterly
26	review the risk registers/ dashboard at each meeting and update the register's contents to reflect any changes without formally reassessing the risks; and	Quarterly
27	provide guidance to the CRO on how to manage risks to an acceptable level.	On-going

13.2.4 Accounting Officer (Municipal Manager)

The Municipal Manager is the ultimately responsible for ERM and is accountable for the overall governance of risk within EDM. To fulfil its mandate with regard to ERM, the Municipal Manager must:

Ref.	Activity	Frequency
28	appoint a CRO and/or Risk Champions;	As required

29	appoint a RMC with the necessary skills, competencies and attributes;	Annually
30	Review and sign the RMC charter;	Annually
31	Review and agree on the risk appetite;	Annually
32	Review and sign the risk management policy, strategy and implementation plan	Annually
33	Review and sign the fraud risk management policy, strategy and implementation plan	Annually
34	ensure appropriate action in respect of recommendations of the Audit Committee, Internal Audit, External Audit and RMC to improve ERM;	quarterly

13.2.5 Internal Audit

Internal Audit should provide a written assessment of the effectiveness of the municipality's system of internal control and risk management. To fulfil its mandate with regard to ERM, Internal Audit must:

Ref.	Activity	Frequency
35	provide assurance on the ERM process design and its effectiveness;	Annually
36	provide assurance on the management of "key risks" including, the effectiveness of the controls and other responses to the "key risks";	Annually
37	provide assurance on the assessment and reporting of risk and controls; and	Annually
38	prepare a rolling three (3) year Internal Audit plan based on its assessment of key areas of risk.	Annually

13.2.6 Management

Management is accountable for designing, implementing, monitoring and integrating ERM into their day-to-day activities. To fulfil its mandate with regard to ERM, Management must:

Ref.	Activity	Frequency
39	empower officials to perform effectively in their risk management responsibilities;	On-going
40	devote personal attention to overseeing the management of key risks within their area of responsibility;	On-going
41	maintain a co-operative relationship with the CRO and Risk Champions;	On-going
42	maintain the proper functioning of the control environment within their area of responsibility;	On-going
43	continuously monitor the implementation of risk management within their area of responsibility; and	On-going
44	Ensure that key performance indicators are identified by utilising risk identified in relation to the effective implementation of strategic objectives as per the IDP	On-going.

13.2.7 Chief Risk Officer (CRO)

The primary responsibility of the CRO is to bring his/her specialist expertise to assist the municipality to embed risk management and leverage its benefits to enhance performance. To fulfil its mandate with regard to ERM, The CRO must:

Ref.	Activity	Frequency
45	assist the Municipal Manager to determine/review the risk appetite;	Annually
46	draft and/or review the risk management policy, strategy and implementation plan	Annually
47	coordinate and facilitate the annual risk assessments;	Annually
48	Prepare ERM registers, reports and dashboards for submission to the RMC and Municipal Manager/Council	As per the Implementation Plan
49	ensure that all risk information is updated;	quarterly
50	ensure that all IT, fraud, OHS risks are considered as part of the municipality's ERM activities; Fraud Risk Management is linked to this policy, but specifically addressed in a separate policy – see Fraud Risk Management Policy OHS Policy sections addressing OHS risks attached as Annexure B	As per the Implementation Plan
51	coordinate the implementation of action plans;	Monthly
52	ensure that risk assessments (as needed per projects identified) are performed and reported to the RMC;	Quarterly
53	avail the approved risk registers to Internal Audit on request;	As needed
54	create risk awareness within EDM and effectively communicate ERM to officials – municipal officials should be made aware of the various role-players with regard to ERM, their roles in the process and where risk-related resource material can be found; and	Quarterly
55	ensure that Risk Management is a standing agenda point on Management meetings where it should be actively discussed.	Quarterly

13.2.8 Risk Champion

Risk Champions assist the CRO facilitate the risk assessment process and manage risks within their area of responsibility to be within the risk appetite. To fulfil its responsibilities with regard to ERM, Risk Champions must:

Ref.	Activity	Frequency
57	Coordinating role in the facilitation of operational risk assessments;	As per the Implementation Plan

58	ensure that each key risk have a nominated risk owner;	As per the Implementation Plan
59	Provide a guarantee to the Chief Risk Officer that risk information is updated and controls are implemented, as per risk remedies identified on the risk register; and	As per the Implementation Plan
60	co-ordinate the implementation of action plans for the risk and report on any developments regarding the risk.	As per the Implementation Plan

13.2.9 Other Officials

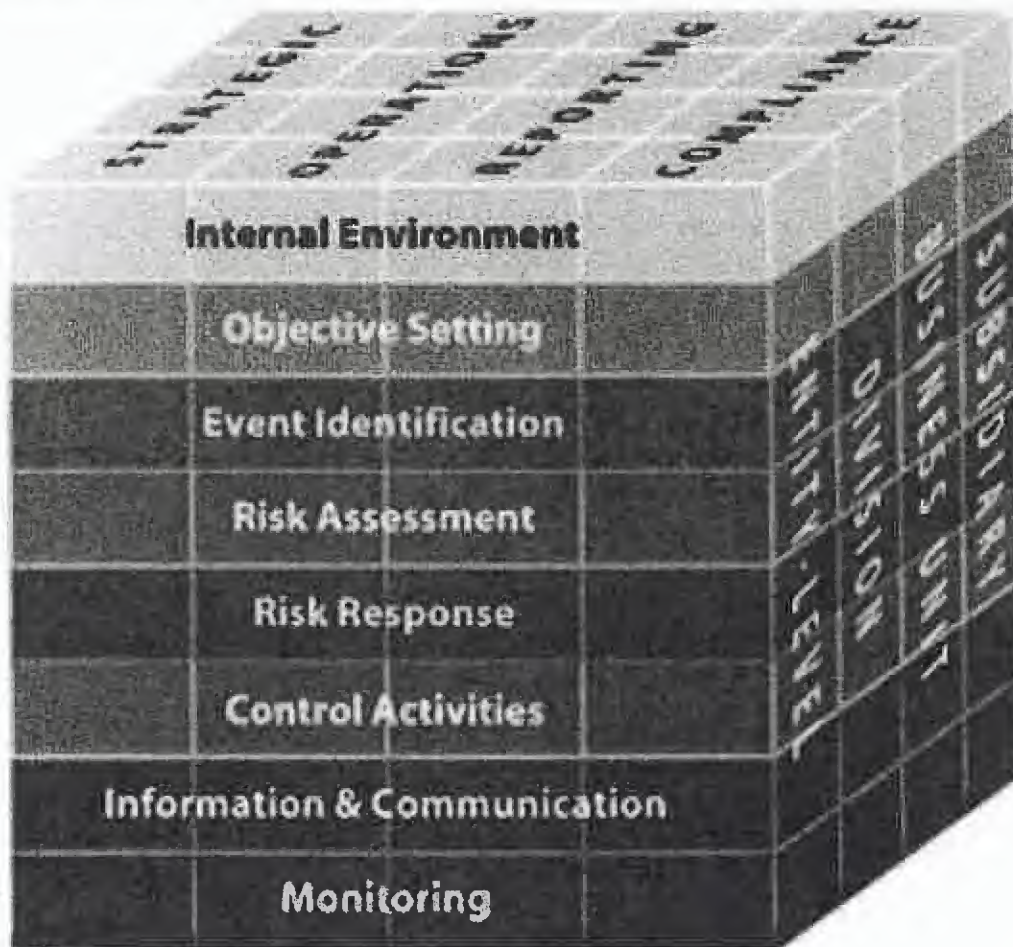
Other officials are responsible for integrating risk management into their day-to-day activities. To fulfil its responsibilities with regard to ERM, other officials within the municipality must:

Ref.	Activity	Frequency
61	take the time to read and understand the content in the risk management policy but more importantly their roles and responsibilities in the risk management process;	On-going
62	apply the risk management process in their respective functions;	On-going
63	inform their supervisors and/or the risk management unit (CRO) of new risks and significant changes;	On-going
64	co-operating with other roles players in the risk management process; and	On-going
65	Providing information as required.	On-going

13.3 Risk Management Process

The risk management process is informed by the IDP, where risks/opportunities associated with strategic objectives are determined which will ensure that the organisation covers all aspects to ensure compliance to and achievement of the goals set. Subsequently, the risk management process will inform the SDBIP in the determination of key performance indicators.

There are eight (8) steps to be followed in the risk management process:



13.3.1 Internal Environment

The municipality's internal environment is the foundation of all other components of risk management. The internal environment encompasses the tone of Eden District Municipality, influencing the risk consciousness of its people. It is the foundation for all other components of risk management, providing discipline and structure.

13.3.2 Objective Setting

Objective setting is a precondition to event identification, risk assessment, and risk response. There must first be objectives before management can identify risks to their achievement and take necessary actions to manage the risks.

13.3.3 Event Identification

An event is an incident or occurrence emanating from internal or external sources that could affect implementation of strategy or achievement of objectives. Events may have positive or negative impacts, or both. As part of event identification, management recognises that uncertainties exist, but does not know when an event may occur, or its outcome should it occur.

13.3.4 Risk Assessment

Risk assessments allow the municipality to consider the extent to which potential events might have an impact on the achievement of objectives. Management assess events from

two perspectives impact and likelihood to determine their risk score or severity rating and normally uses the quantitative method. Risk Assessments are performed through a three stage process:

- Firstly, inherent risk should be assessed;
- Secondly, residual risk should be assessed;
- Thirdly, the residual risk should be benchmarked against the risk appetite to determine the need for further intervention.

13.3.5 Risk Response

After assessing the risk scores an appropriate mitigation strategy is selected.

Risk responses fall within the following 5 categories:

- **Avoid** – Action is taken to exit the activities giving rise to risk. Risk avoidance may involve exiting a product line, declining expansion to a new geographical market, or selling a division.
- **Treat** – Implementing or improving the internal control system.
- **Transfer** – Transfer the risk to another party more competent to manage it.
- **Accept** – No action is taken to affect likelihood or impact.
- **Exploit** – Risk factors by implementing strategies to take advantage of the opportunities presented by such risk factors.

13.3.6 Control Activities

Control activities are the policies and procedures that help ensure that management's risk responses are carried out. Control activities occur throughout the municipality, at all levels and in all functions. They include a range of activities as diverse as approvals, authorisations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Types of Control Activities

Many different descriptions of types of control activities have been put forth. Internal Controls can be preventative, detective or corrective by nature.

- Preventative controls to prevent errors or irregularities from occurring e.g. physical security of assets to prevent theft;
- Detective controls to find errors or irregularities after they have occurred e.g. performance of reconciliation procedures to identify errors
- Corrective controls that operate together with detective controls to correct errors or irregularities.

Controls over Information Systems

With widespread reliance on information systems, controls are needed over significant systems. Two broad groupings of information systems control activities can be used. The first is general controls, which apply to many if not all application systems and help ensure their continued, proper operation. The second is application controls, which include computerised steps within application software to control the technology application. Combined with other manual process controls where necessary, these controls ensure completeness, accuracy and validity of information.

The Public Service Corporate ICT Governance Policy Framework has identified 8 principles, where one's focus is risk management and assurance which states that management must ensure that ICT risks are managed within the municipal risk management practice. ICT must also ensure that the ICT function is audited as part of the municipal audit plan.

13.3.7 Information and Communication

Pertinent information is identified, captured and communicated in a form and timeframe that enable people to carry out their responsibilities. Effective communication also occurs, flowing down, across and up in the municipality. All personnel receive a clear message from top management that risk management responsibilities must be taken seriously. They understand their own role in risk management, as well as how individual activities relate to the work of others. They must have a means of communicating significant information upstream.

13.3.8 Monitoring

Monitoring risk management is a process that assesses the presence and functioning of its components over time. This is accomplished through on-going monitoring activities, separate evaluations or a combination of the two. On-going monitoring occurs in the normal course of management activities. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of on-going monitoring procedures.

13.4 Detailed Implementation Plan

The detailed risk management implementation plan is included as a separate attachment (Annexure B).

14. STRATEGY REVIEW

This Strategy shall be reviewed annually to reflect the Municipality's current stance on risk management.

15. REFERENCES

The information contained in this Risk Management Strategy, as well as the general structure hereof, was sourced mainly from templates and guidebooks supplied by National Treasury on its website (<http://www.treasury.gov.za/>).

DETAIL IMPLEMENTATION PLAN – ANNEXURE B

a. Planned Action	b. Detailed Action	c. Output	d. Due Date	e. Responsible Person(s)
1) Functional Risk Management Committee (RMC)	Review of the RMC Charter and recommend for approval	Roles and responsibilities of the Risk Management Committee are understood by all members.	30/03/2017	Chief Risk Officer (CRO), RMC
	Workshop the Charter to ensure that RMC members are aware of their roles and responsibilities.		30/03/2017	RMC
	Review Risk Champion appointments.		30/12/2017	Chief Risk Officer (CRO), RMC
	Review and approval of the Risk Champions Terms Of Reference.		30/12/2017	Chief Risk Officer (CRO), RMC
2) Training and Support	Informing employees of risk management and fraud orientation programmes for all municipal officials, with guidance from Provincial Treasury	Equipped officials understanding and executing their risk management responsibilities effectively.	Quarterly, starting June 2017	(CRO), Human Resources, Provincial Treasury
	Develop and formalise detailed training programme/ plan for Risk Champions and any cost implications, with guidance from Provincial Treasury	Development of Risk Champions with the skills, knowledge, leadership qualities and power of office required to champion.	31/09/2017	(CRO), Human Resources, Provincial Treasury

DETAIL IMPLEMENTATION PLAN – ANNEXURE B				
a. Planned Action	b. Detailed Action	c. Output	d. Due Date	e. Responsible Person(s)
3) Tools and Technology	Effective and efficient use of RM software.	Monthly risk and risk action reports.	31/07/2017/ Bi Annual	CRO
	Ensure that the Chief Risk Officer is informed and up-to-date with all tool upgrades.		31/07/2017/ Bi Annual	CRO
4) Risk Management Policy	Review the Risk Management Policy.	Approved Risk Management Policy which clearly states the municipality's commitment to implementing risk management	31/04/2017	CRO
	Review the RM philosophy.		31/04/2017	CRO
	Determine the risk tolerance, appetite and universe, and include in the policy.		31/04/2017	CRO
	RMC reviews the Policy and makes recommendation to Council for approval		30/04/2017	RMC
	Council reviews and approves the Risk Management Policy.		31/05/2017	Council
	Accounting Officer signs the approved Risk Management Policy		31/05/2017	Accounting Officer (AO)
5) Risk Management Strategy and	Review the Risk Management Strategy and Implementation Plan	Approved Risk Management Strategy and Implementation	31/04/2017	CRO

DETAIL IMPLEMENTATION PLAN – ANNEXURE B

a. Planned Action	b. Detailed Action	c. Output	d. Due Date	e. Responsible Person(s)
Implementation Plan	RMC reviews the Risk Management Strategy and Implementation Plan and makes recommendation to Council for approval	Plan, which should be monitored on a regular basis.	30/04/2017	RMC
	Council reviews and approves the Risk Management Strategy and Implementation Plan		31/05/2017	Council
	Accounting Officer signs the approved Risk Management Strategy and Implementation Plan		31/05/2017	AO
6) Effective Communication of the Risk Management Policy	Provide each department head with a copy of the approved Risk Management Policy, ensuring that they acknowledge receipt of the policy.	Creating risk awareness within the municipality.	30/06/2017	CRO, Heads of Departments
	Departments must cascade awareness of the Policy down to employees at Section meetings.		30/06/2017	CRO, Communication office
	Place approved Risk Management policy on the municipality's website.		30/06/2017	CRO, Communication office
	Legal Officer reviews the Fraud Risk Management Policy and makes recommendation to RMC	Approved Fraud Risk Management Policy which	31/04/2017	Legal officer

DETAIL IMPLEMENTATION PLAN – ANNEXURE B

a. Planned Action	b. Detailed Action	c. Output	d. Due Date	e. Responsible Person(s)
7) Fraud Risk Management Policy	RMC reviews the Fraud Risk Management Policy and makes recommendation to Council for approval	clearly states the municipality's commitment to preventing fraud.	30/04/2017	RMC
	Council reviews and approves the Fraud Risk Management Policy		31/05/2017	Council
	Accounting Officer signs the approved Fraud Risk Management Policy		31/05/2017	AO
8) Fraud Risk Management Strategy and Implementation Plan	Legal Officer reviews the Fraud Risk Management Strategy and Implementation Plan and makes recommendation to RMC	Approved Fraud Risk Management Strategy and Implementation, which should be monitored on a regular basis.	31/04/2017	Legal officer
	RMC reviews the Fraud Risk Management Strategy and Implementation Plan and makes recommendation to Council for approval		30/04/2017	RMC
	Council reviews and approves the Fraud Risk Management Strategy and Implementation Plan		31/05/2017	Council
	Accounting Officer signs the approved Fraud Risk Management Strategy and Implementation Plan		31/05/2017	AO

DETAIL IMPLEMENTATION PLAN – ANNEXURE B				
a. Planned Action	b. Detailed Action	c. Output	d. Due Date	e. Responsible Person(s)
9) Effective Communication of the Fraud Risk Management Policy.	Provide each department head with a copy of the approved Fraud Risk Management Policy, ensuring that they acknowledge receipt of the policy. Departments must cascade awareness of the Policy down to employees at Section meetings. Place approved Fraud Risk Management Policy on the municipality's website.	Creating fraud awareness within the municipality.	30/06/2017	Legal Officer
10) Setting Municipal Objectives	Establish objectives that are consistent with the Municipality's Constitutional mandate.	Ability to identify potential risk that could impact the achievement of objectives.	30/06/2017	Legal Officer, Communication Office
11) Facilitate strategic risk assessment	Arrange a strategic risk assessment workshop and invite all the relevant officials. Gather the necessary information. Facilitate the strategic risk identification. Facilitate the strategic risk assessment session (Rating risk inherently and on a residual level).	Approved strategic risk register.	28/02/2018 31/01/2018 31/01/2018 28/02/2018	CRO

DETAIL IMPLEMENTATION PLAN – ANNEXURE B

a. Planned Action	b. Detailed Action	c. Output	d. Due Date	e. Responsible Person(s)
12) Facilitate enterprise-wide operational risk assessments.	Determine risk responses and allocate risk owners.		28/02/2018	CRO
	Analyse information and develop risk assessment reports.		Quarterly	
	Arrange an operational risk assessment workshop and invite all the relevant officials.	Ability to prioritise high risk areas.	28/02/2018	CRO
	Gather the necessary information.	Approved and updated operational risk register	31/01/2018	
	Facilitate the operational risk identification.		28/02/2018	
	Facilitate the operational risk assessment session (Rating risk inherently).	Risk registers (as per the agreed cycle)	28/02/2018	
	Facilitate the operational risk assessment session (Rating risk on a residual level).		28/02/2018	
	Analyse information and develop risk assessment reports.		28/02/2018	
	Facilitate the operation risk identification and assessment sessions on a residual level.		28/02/2018	
	Determine risk responses and allocate risk owners.		28/02/2018	

DETAIL IMPLEMENTATION PLAN – ANNEXURE B				
a. Planned Action	b. Detailed Action	c. Output	d. Due Date	e. Responsible Person(s)
	Analyse information and develop risk assessment reports.		Monthly	
13) Development of risk response strategies	Monitor implementation of action on strategic risks	Quarterly reports submitted to RMC	Quarterly	CRO
14) Effective Reporting	Implement appropriate risk reporting to the Accounting Officer, Executive Authority, Audit Committee, RMC and Senior Management.	Approved progress reports: present progress reports to various stakeholders at various intervals.	Quarterly	CRO
15) Drafting of individual key risk indicators for the top risks	Analysis report of key risk indicators per agreed frequency.	Ensure that all top risk are elevated and performance commitments towards mitigating are implemented	Quarterly	CRO/PMS officer
16) Assess risk controls effectiveness	Assign assurance providers to assess the controls of medium and low risks identified (monitored risks).	Combined assurance plan. Report on risks controls assessed	30 June 2018	CRO/All relevant assurance providers

DISTRICT COUNCIL

29 MAY 2017

DC 166/05/17

REPORT: FEEDBACK ON THE AUDIT REPORT OF 31 MARCH 2017(DC 129/03/17) / VERSLAG: TERUGVOERING RAKENDE DIE OUDIT VERSLAG VAN 31 MAART 2017 (DC 129/03/17) / INGXELO: UNIKEZELO LWENGXELO KWINGXELO YEZOPHICOTHO YANGOMHLA 31 KWEYOKWINDLA 2017(DC 129/03/17 (582439)

(9/11/1)

16 May 2017

REPORT FROM THE OFFICE OF THE MUNICIPAL MANAGER / PERFORMANCE MANAGEMENT OFFICER (IG SAAIMAN)

PURPOSE OF THE REPORT

To present a report on feedback requested by Council from the performance office regarding the audit report of 31 March 2017.

BACKGROUND

Council indicated during the Council meeting of 31 March 2017, that a complete report by the performance office must be compiled in order to provide feedback on the audit report that served during the Council meeting.

There were certain findings on the audit report that the Municipal Manager did not agree with, hence the request for clarification.

FINANCIAL IMPLICATIONS

None

RELEVANT LEGISLATION

Local Government: Municipal Systems Act No.32, 2000

UITVOERENDE OPSOMMING

Die verslag is aangeheg en enige verdere navrae of bewyse is verkrygbaar in die prestasie kantoor.

RECOMMENDATION

That Council takes note of the report.

AANBEVELING

Dat die Raad kennis neem van die verslag.

ISINDULULO

ANNEXURE

Annexure A: Memorandum Report: Council requested response on DC 129/03/17, 31 March 2017.

MEMORANDUM

KANTOOR VAN DIE MUNISIPALE BESTUURDER: PRESTASIE EENHEID OFFICE OF THE MUNICIPAL MANAGER: PERFORMANCE UNIT

NAVRAE: ENQUIRIES:	IG Saaiman
VERW: REF:	9/11/1
KANTOOR: OFFICES:	George
DATUM: DATE:	20 April 2017
AAN: TO:	M. Stratu Municipal Manager
VAN: FROM:	Ilse G. Saaiman
INSAKE: REGARDING:	Council Requested Response on: DC 129/03/17, 31 March 2017; Report on Audit and Performance Audit Committee on Performance Management for period 1 July 2016 – 31 December 2016

During the Council meeting of 31 March 2017, Council requested an official response from the Performance office regarding the audit report from APAC and Internal audit as submitted for quarters one and two(July – December 2016) of the 2016/2017 financial year.

The response will be dealt with in this memorandum per page and will be accompanied where necessary with evidence.

Page 4:

Portfolio of Evidence

The Performance office analysed all portfolio of evidences for departments up to the 2015/2016 financial year, providing them with feedback as to 'how to compile the correct evidence', before it was submitted to the Internal Audit office.

Direction was provided from the performance office, but the prerogative still lies with the Executive Management to accept and adjust or not.

This function no longer resides in the Performance office, due to the following;

- Only one person currently for both organisational and individual performance
- The MM is addressing this issue and an appointment will be made during the course of the new financial year
- Executive Management must sign off on their portfolio of evidence before submitting it to the Internal Audit unit for verification and auditing
- Thus will assist in the accountability of portfolio of evidences

Updating of actual performance to audited results

With reference to the meeting on 22 March 2017 between the Municipal Manager, Internal Audit and the Performance Officer, the following;

- The Municipal Manager agreed with the performance that no actual can be adjusted to an internal audit result

EDEN DISTRICT MUNICIPALITY/ EDEN DISTRIKSMUNISIPALITEIT

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- Implementing this within the municipality will result in the following;
 - Eliminating the **accountability factor** that is entailed within the performance management system
 - Re-opening the system on a monthly basis to do prerogative re-updates and rectifications
 - Reports on performance management of the departments cannot be dealt with during reviews, seeing that the actual are tampered with
 - Executive Management has the final decision on whether they want to adjust their actual on the system to audited results or not

Page 5:

Cascading down of PMS to all employees

The cascading of performance management is currently on **phase three** not phase one.

Following the approved business plan completed and submitted by the performance office during June 2014. The business plan was approved and funding as made available to the municipality during 2015/2016 financial year. A Memorandum of Agreement was signed with the municipality on 25 February 2016. A roll over was approved in August for the 2016/2017 financial year.

The phases are as follows;

Phase 1

- Development of the Policy (2015)
- Workshop of the Policy (2015)
- Approval of the revised Policy (30 May 2015 for the 2015/2016 financial year – revision scheduled for July 2017))
- Development of the final manual

Phase 2

- The development of the electronic performance management system for individuals (completed during 2016)
- Implementation of the system (ongoing as per individual)

Phase 3

- Development of agreements (ongoing for all employees - on phase two of list of employees, next training on 2,3,4 May 2017, deadline for first 25 employees by June 2017 was reached during the development on 21 June 2016)
- Workshop of agreements (Workshop was on 17 February 2016, ongoing for all employees)
- Approval of agreements (ongoing as per department – per employee)
- Alignment of the Skills Development Plan of the Municipality
- Establishment of reviews and period pertaining to legislation/agreed upon terms

Phase 4

- Staff facilitated implementation of performance management
- Facilitation of reviews
- Establishment of culture
- First completed roll out to levels up to post level three/task 19

A complete report on this served before Council on 30 January 2017 including the;

- Memorandum report for Individual Performance Management

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- In-house compiled Guidelines for Individual Performance Management

The process for completed implementation will stretch over a period of **5 years** and run parallel with the IDP, yearly Budget and yearly revised SDBIP.

Final Remedial Summary

The following is hereby recommended by the performance office;

1. Portfolio of Evidences from Departments must be checked and signed off by the Executive Manager before submitting to the Internal Audit unit
2. The correct information should be obtained from the performance office to matters relating to the municipality's performance and progress before reports are submitted to Council
3. Suggestions on 'tampering' with actual on the system should not be considered
4. Actual performance claimed by departments, but does not have accurate evidence, hence the difference within the reported and audited actual, should be dealt with and sorted out during the 4 reviews as per legislation
5. Recommendations on changing targets will form part of the discussions between the Municipal Manager and the performance office and the final approval can only be provided by the Municipal Manager



Ilse Saaiman
Performance Office

MAYORAL COMMITTEE

22 MAY 2017

DISTRICT COUNCIL

29 MAY 2017

DC 167/05/17

**REPORT ON THE FORMALIZATION OF WASTE PICKERS PROJECT IN
 OUDTSHOORN/VERSLAG TEN OPSIGTE VAN DIE FORMALISERING
 VAN AFVALMATERIAALOPTELLERS PROJEK IN OUDTSHOORN /
 INGXELO EKUMISELWENI KWENKQUBO YABACHOLI BENKUNKUMA
 E TSHORENI (572254)**

(19/2/2020)

28 February 2017

**REPORT FROM EXECUTIVE MANAGER (B. HOLTZHAUSEN) / MANAGER:
 STRATEGIC SERVICES (M WILSON)**

PURPOSE OF THE REPORT

To inform the Council about the formalization of the waste pickers project which will be rolled out in Oudtshoorn as a pilot. It will be done collaboratively between the Eden District Municipality's Waste Management, Economic Development, Environmental Health Sections and the Oudtshoorn Municipality.

BACKGROUND / DISCUSSION

The report served before the District Economic Committee and Mayoral Committee meetings held on 13 April 2017 and 22 May 2017 respectively. During the meetings it was resolved as follows:

"That the Committee takes note of the report and supports the formalization of the Waste Harvesters project which will be piloted in Oudtshoorn.

That a recommendation be made to Council for the approval of a partnership with the Small Enterprise Development Agency (SEDA) for entrepreneurial/business training for the informal waste harvesters/recyclers."

The informal waste pickers are people experiencing extreme poverty, and often live on the waste facilities in structures built from waste products, relying on food waste disposed of in refuse, for sustenance. These people are exposed to severe health and safety risks and are susceptible to disease and injury. Often children, who are supposed to be in schools, are also found rummaging through the waste, and know no other means of life other than on the waste facilities.

This is in contravention of Section 28 (2) of the Constitution of South Africa, 1996, which states:

"A child's best interest are of paramount importance in every matter concerning the child".

Section 24(a) further states that:

"Everyone has the right -

(a) to an environment that is not harmful to their health or well-being."

Furthermore, the presence of waste pickers on any waste facility is in contravention of the waste permits and/or licences and is therefore illegal.

Project objectives

- To formalise the illegal waste picking practices.
- To improve the health, dignity and social well-being of the current informal waste pickers.
- To identify the various health hazards associated with the informal waste picking.
- To conduct consented personal monitoring of the impacts of the identified health hazards (i.e. health screenings).
- To provide proper facilities such as proper working surfaces, ablution and hand washing facilities etc.
- To provide formal jobs and proper means of income by formalising the recovery of recyclable materials in the form of business opportunities.

In this proposed project, the focus of the LED unit will be on the entrepreneurial/business training for the participants.

Funds amounting to R50 000 are allocated in the current financial year 2016/17 under the Economic Development budget in the following vote number: **01 10 14 02 5038 128**. The funds will be used for entrepreneurial/business training which will be conducted in collaboration with the Small Enterprise Development Agency (SEDA). The Small Enterprise Development Agency (SEDA) is an agency of the Department of Small Business Development. SEDA was established in December 2004, through the National Small Business Amendment Act, Act 29 of 2004.

SEDA is mandated to implement government's small business strategy; design and implement a standard and common national delivery network for small enterprise development; and integrate government-funded small enterprise support agencies across all tiers of government.

SEDA's mission is to develop, support and promote small enterprises throughout the country, ensuring their growth and sustainability in co-ordination and partnership with various role players, including global partners, who make international best practices available to local entrepreneurs.

Catering and venue will be provided by Oudtshoorn Municipality and SEDA.

The Eden District Municipality's Economic Development unit hereby wishes to request approval to enter into a Service Level Agreement with the regional branch of the Small Enterprise Development Agency (SEDA), and for the amount of R50 000 to be transferred for entrepreneurial/business training for the above purpose.

*(Please see attached as **Annexure A – The Waste Pickers Formalization project proposal as compiled by Eden DM Manager for Waste Management, Mr. M. Hubbe.***

FINANCIAL IMPLICATIONS

R50 000 as per current approved budget.

RELEVANT LEGISLATION

Local government has a constitutional mandate to promote, facilitate and implement Local Economic Development.

The Municipal Systems Act sets principles, systems and tools for municipalities to carry out this mandate.

Section 152 (1) (C) of the Constitution of South Africa, 1996 states:
Objects of local government. - (1) The objects of local government are-(c) to promote social and economic development;

Section 153 (a) and (b) of the Constitution of South Africa, 1996 states:
Developmental duties of municipalities.- A municipality must- (a) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and (b) participate in national and provincial development programmes.

Section 24 (a) and (b) of the Constitution of South Africa, 1996 states:
Everyone has the right- (a) to an environment that is not harmful to their health or well-being; and (b) to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that-

- (i) prevent pollution and ecological degradation;
- (ii) promote conservation; and
- (iii) secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

Section 28 (1)(c) of the Constitution of South Africa, 1996 states:
Every child has the right- (c) to basic nutrition, shelter, basic health care services and social services;

COMMENTS: MUNICIPAL MANAGER

Noted.

COMMENTS: EXECUTIVE MANAGER CORPORATE/STRATEGIC SERVICES

The SLA with SEDA will be finalised before the end of June as confirmed by the Strategic Manager Ms M Wilson.

COMMENTS: EXECUTIVE MANAGER FINANCIAL SERVICES

Will the services be provided before 30 June 2017? The money allocated on the 2016/2017 budget must be spend before 30 June 2017, which is the financial yearend of council.

COMMENTS: EXECUTIVE MANAGER ROADS SERVICES

Noted.

COMMENTS: EXECUTIVE MANAGER COMMUNITY SERVICES

Noted and supported.

COMMENTS: LEGAL SERVICES

In terms of section 152(2) of the Constitution, a municipality must strive, within its financial and administrative capacity to achieve the objects set out in subsection (1). The objects of local government, in terms of section 152(1)(c) and (d) are to promote social and economic development, as well as to promote a safe and healthy environment.

Furthermore, in terms of section 110(2)(a) and (b) of the Municipal Finance Management Act, 2003 (Act 56 of 2003), it states as follows:

"(2) *This Part, except where specifically provided otherwise, does not apply if a municipality contracts with another organ of state (SEDA) for*
 (a) *the provision of goods or services to the municipality; or*
 (b) *the provision of a municipal service or assistance in the provision of a municipal service."*

UITVOERENDE OPSOMMING

Die Afvalbestuur eenheid tesame met die Ekonomiese Ontwikkelings - en Omgewingsgesondheidsafdelings van die Eden Distriksmunisipaliteit is saam in proses om 'n formaliseringsprojek vir afval optellers in Oudtshoorn van stapel te stuur.

Die doel van die projek is om te help verseker dat die individue wat huidige afvalmateriaal optel ter oorlewing as gevolg van armoedige omstandighede, nie verder blootgestel word aan die gevaarlike en ongesonde toestande wat daarmee gepaard gaan nie.

Meegaande aangeheg as Aanhangsel A, vind die Afvalmateriaal optellersbesigheidsplan.

- (a) *the provision of goods or services to the municipality; or*
- (b) *the provision of a municipal service or assistance in the provision of a municipal service."*

UITVOERENDE OPSOMMING

Die Afvalbestuur eenheid tesame met die Ekonomiese Ontwikkelings - en Omgewingsgesondheidsafdelings van die Eden Distriksmunisipaliteit is saam in proses om 'n formaliseringsprojek vir afval optellers in Oudtshoorn van stapel te stuur.

Die doel van die projek is om te help verseker dat die individue wat huidiglik afvalmateriaal optel ter oorlewing as gevolg van armoedige omstandighede, nie verder blootgestel word aan die gevaarlike en ongesonde toestande wat daarmee gepaard gaan nie.

*Meegaande aangeheg as **Aanhangsel A**, vind die Afvalmateriaal optellersbesigheidsplan.*

RECOMMENDATION

1. That the Council takes note of the report and supports the formalization of the Waste Pickers project which will be piloted in Oudtshoorn.
2. That Council approved the partnership with the Small Enterprise Development Agency (SEDA) for entrepreneurial/business training for the informal waste pickers/recyclers.

AANBEVELING

1. *Dat die Raad kennis neem van die verslag aangaande die loodsprojek vir die formalisering van afval optellers in Oudtshoorn, en die projek ondersteun.*
2. *Dat die Raad 'n vennootskap met die Kleinbesigheidsontwikkelingsagentskap (SEDA) vir entrepreneurskap- en besigheidsopleiding van die afvaloptellers, goedkeur.*

ISINDULULO

1. Sesokuba iKomiti ithathele ingqalelo ingxelo kwaye ixhase ukumiselwa kwenkqubo Yabacholi Benkunkuma nezakuqalwa e Tshoreni.
2. Sesokuba kwenziwe isindululo kwiBhunga ukuba liphumeze ubambiswano kunye ne Arhente Yophuhliso Yamashishini Asakhulayo(SEDA) ukuze iniezele uqeqesho lwezoshishino/lwezoshishino kubacholi benkunkuma/abasebenzisi ngokutsha kwezinto ezilahliweyo.

APPENDIX

Annexure A- Project Plan for the Formalization of Waste Pickers pilot project in Oudtshoorn.

FORMALISATION OF WASTE PICKERS PROJECT PLAN

1. INTRODUCTION

The majority of waste facilities in the Eden District are currently experiencing informal waste pickers, commonly also named “scavengers”, who rummage through the municipal refuse disposed of at the landfill sites or stored at transfer stations before being transported to the landfill sites. These informal waste pickers remove and sort recyclable materials from the general waste, which are then sold to local recycling companies as a means of income.

Waste facilities where waste pickers are currently prevalent are George Transfer Station, Grootkop Landfill Site in Oudtshoorn, Steynskloof Landfill Site in Riversdale, Uniondale Landfill Site and Robberg Landfill Site in Plettenberg Bay.

2. PROBLEM STATEMENT

The informal waste pickers are people experiencing extreme poverty, and often live on the waste facilities in structures built from waste products, relying on food waste disposed of in refuse for sustenance. These people are exposed to severe health and safety risks and are susceptible to disease and injury.

Chapter 2, Section 10 of the Constitution of South Africa states that “Everyone has inherent dignity and the right to have their dignity respected and protected.”

Often children, who are supposed to be in schools, are also found rummaging through the waste, and know no other means of life other than on the waste facilities. This is in contravention of Section 28: Children, The Bill of Rights of the Constitution of South Africa, 1996.

Furthermore, the presence of waste pickers on any waste facility is in contravention of the waste permits or licences and is therefore illegal.

3. PROJECT OBJECTIVES

- To formalise the illegal waste picking practices.
- To improve the health, dignity and social well-being of the current informal waste pickers.
- To identify the various health hazards associated with the informal waste picking.
- To conduct consented personal monitoring of the impacts of the identified health hazards.
- To provide proper facilities such as proper working surfaces, ablution and hand washing facilities etc.
- To provide formal jobs and proper means of income by formalising the recovery of recyclable materials.

4. METHODOLOGY

4.1 IMPLEMENTATION PLAN

- Identify stakeholders.
- Identify individual roles and responsibilities of each identified stakeholder.
- Compile an implementation plan.

4.2 PHASE ONE

- Engage with the informal waste pickers per waste facility to endorse the project.
- Identify the various health hazards associated with the informal waste picking.
- Conduct consented personal monitoring programme of waste pickers.
- Compile a report regarding the results of the personal monitoring programme.

4.3 PHASE TWO

- Provide formal health and hygiene training and education
- Provide training in the establishment and management of a co-operative.
- Provide a social well-being support programme i.e. counselling, mentoring and rehabilitation programmes.
- Establish a formal co-operative between waste pickers.

4.4 PHASE THREE

- Sourcing of funds for the establishment of a formal material recovery area at the waste facilities.
- Construction of facilities: Ablution facilities, hand washing facilities etc.
- Provide formal waste pickers with Personal Protective Equipment
- Provide management / business training to formal waste pickers.

4.5 PHASE FOUR

- Provide an ongoing support system / programme to formal waste pickers until properly established.

4.6 PHASE FIVE

- Compile project establishment and implementation guidelines.

5. PROPOSED STAKEHOLDERS

5.1 EDEN DISTRICT MUNICIPALITY

- Local Economic Development Section
- District Waste Management Section
- Air Quality Management Section
- Municipal Health Section

5.2 LOCAL MUNICIPALITIES

- Local Economic Development Section
- Waste Management Section

- Air Quality Management Section
- Municipal Health Section
- Social Development Section

5.3 DEPARTMENT OF ENVIRONMENTAL AFFAIRS & DEVELOPMENT PLANNING

5.4 DEPARTMENT OF HEALTH

5.5 DEPARTMENT OF SOCIAL SERVICES

5.6 INFORMAL WASTE PICKERS

6. ESTIMATED COSTING

Phase One to Two – R 50 000.00

MAYORAL COMMITTEE

22 MAY 2017

DISTRICT COUNCIL

29 MAY 2017

DC 168/05/17

**REPORT ON THE DRAFT GARDEN ROUTE AND KLEIN KAROO FILM
STRATEGY FOR THE EDEN DISTRICT / *VERSLAG TEN OPSIGTE VAN
DIE TUINROETE EN KLEIN-KAROO FILM STRATEGIE VIR DIE EDEN
DISTRIK* / INGXELO NGOYILO LOBUCHULE BEZOSHICILELO LWE
GARDEN ROUTE KUNYE NE KLEIN KAROO (579902)**

(19/3/2/2/20)

19 April 2017

REPORT FROM EXECUTIVE MANAGER CORPORATE/STRATEGIC SERVICES (B. HOLTZHAUSEN) / MANAGER: STRATEGIC SERVICES (M. WILSON)

PURPOSE OF THE REPORT

To inform the Mayoral Committee of the Draft Garden Route and Klein Karoo Film Strategy that has been developed for the Eden District in collaboration with all relevant stakeholders and to obtain approval from the Mayoral Committee to support and approve this strategy for the District.

BACKGROUND / DISCUSSION

This report served before the Economic Development and Tourism Committee on 08 March 2017. During the meeting it was resolved as follows:

- “1. That the Committee takes note of the report on the draft Garden Route and Klein Karoo Film Strategy for the Eden District.
2. That the Draft Garden Route and Klein Karoo Film strategy be supported.
3. That the rights and obligations of the parties involved with the implementation of the Strategy, clearly be quantified and defined by the means of the Memorandum of Agreement (M.O.A) and that it be submitted to Eden DM for consideration.
4. That a comprehensive project plan be submitted with the budget needs (described in phases) exactly how this project is going to be implemented.
5. That the Manager Legal Services submit a legal opinion regarding the Draft Film Strategy.”

The recommendations in terms of points 3, 4 and 5 of the Portfolio Committee have been addressed in this report as submitted to the Mayoral Committee.

RATIONALE BEHIND THE GARDEN ROUTE AND KLEIN KAROO DRAFT FILM STRATEGY:

In recent months, interest in filming in the Eden District has grown with an increase in the number of enquiries from local and international film and TV producers. These enquiries range from many reality TV series, natural history documentaries, movies as well as television commercials.

The television series, The Bachelor Finland, was produced in the district in December 2015, and various other production houses are hinting that they will be making their way to the region for productions. Just as interestingly and importantly, the local private film sector is very enthusiastic and forthcoming with specific ways and actions through which they wish to drive the development and organizing of the industry locally forward in terms of opportunities, facilities, skills transfer and provision.

The Eden District Municipality recognizes that the film industry has the potential to become a key driver of economic development and growth in the district.

In view of the above context, it was realized that the Eden District is not ready and well organised to reap maximum benefit of the film industry opportunities that is currently available and is increasing. Hence, the need for a strategy to streamline efforts, as well as focussing on gaps and shortcomings within our District and collaborative initiatives between government and the private sector to address these shortcomings in an effort to make this District film ready and film friendly. The process with regards to the development of the strategy with the various applicable stakeholders, has been facilitated by Mr Paul Hoffman, Project Manager for the South Cape Economic Partnership.

The strategy shall be known as the Garden Route and Klein Karoo Film strategy in line with this District's national and international tourism brand.

Attached hereto as **Annexure A** is the detailed Garden Route and Klein Karoo draft strategy for filming in the District for your perusal.

FINANCIAL IMPLICATIONS

An application for funding has been submitted for consideration in the 2017/18 budget for implementation of the strategy and specifically the establishment of a film office for the District. A request for the amount of R200 000.00 for funding was submitted for consideration within the R1m budget for LED and Tourism for the 2017/18 financial year.

RELEVANT LEGISLATION

- Eden District Economic Development Strategy;
- The Constitution of South Africa speaks to the Socio-economic Developmental Local Government Objectives as follows:

Section 152(1) (c) – To promote social and economic development;

Section 153 (a) – A municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.

COMMENTS: EXECUTIVE MANAGER CORPORATE/STRATEGIC SERVICES

The Film strategy forms part of the initiatives in the Eden District to stimulate economic growth and to capacitate youth with training and skills development. As youth forms more than 30% of the population within the Eden District, initiatives need to be prioritised to address inclusive development of the youth of the District.

COMMENTS: EXECUTIVE MANAGER FINANCIAL SERVICES

Under financial implication it is indicated that funding was applied for 2017/2018 budget. The budget for 2017/2018 is finalized, please include under financial implication whether it was included in the budget and the amount allocated on the budget.

COMMENTS: EXECUTIVE MANAGER ROADS SERVICES

Noted.

COMMENTS: EXECUTIVE MANAGER COMMUNITY SERVICES

The report is noted.

COMMENTS: LEGAL SERVICES

Noted.

UITVOERENDE OPSOMMING

Die Eden Distriksmunisipaliteit herken dat die rolprentbedryf die potensiaal het om 'n belangrike drywer van ekonomiese ontwikkeling en groei in die distrik te word en was dus toegewyd tot die proses om die fasilitering van die ontwikkeling van die Tuinroete en Klein-Karoo Film Strategie deur die Suid-Kaap Ekonomiese Vennootskap te doen.

Die strategie fokus op die profiel van die bedryf, vaardigheidsontwikkeling, regulatoriese vereistes en die stigting van 'n streeks Film kantoor.

*Die strategie soos aangeheg as **Aanhangsel A**, sal bekend wees as die Tuinroete en Klein-Karoo Film strategie in lyn met Eden Distrik se nasionale en internasionale toerisme handelsmerk ("brand").*

RECOMMENDATION

1. That Council takes note of the report on the draft Garden Route and Klein Karoo Film strategy for the Eden District.
2. That Council approves the draft Garden Route and Klein Karoo Film Strategy.

AANBEVELING

1. *Dat die Raad kennis neem van die verslag ten opsigte van die konsep Tuinroete en Klein-Karoo Film Strategie vir die Eden Distrik.*
2. *Dat die Raad die konsep Tuinroete en Klein Karoo Film Strategie goedkeur.*

ISINDULULO

1. Sesokuba iKomiti kaSodolophu ithathele ingqalelo ingxelo ngoyilo lobuchule Boshicilelo lwe Garden Route kunye ne Klein Karoo beSithili se Eden.
2. Sesokuba iKomiti kaSodolophu ixoxe kwaye iphumeze uyilo lobuchule Bezoshicilelo le Garden Route and Klein Karoo.

APPENDIX

Annexure A: The Draft Garden Route and Klein Karoo Film Strategy



The Garden Route & Klein Karoo (GR&KK)

Summarised Creative Industries Strategy

(An excerpt from the comprehensive strategy document available on request)

As supported by

Eden District Municipality and the municipalities of George, Knysna,
Bitou, Mossel Bay, Hessequa, Oudtshoorn & Kannaland

Facilitated by the South Cape Economic Development Partnership
(SCEP)



**South Cape
Economic Partnership**





EXECUTIVE SUMMARY

The Garden Route and Klein Karoo has the ability to sell locations (TV, Film, Commercials) competitively to the industry, and together with the growing “over-exposure” Cape Town is currently experiencing, the region is ideally placed to not only manage any overflows, but to become a major player in its own right in the industry. It is anticipated that as soon as money flows to the area for on-location shoots this will stimulate the industry and the focus could then move to spin-off and supporting actions (e.g. skills development, studios, post-production, etc.). The South African Film Industry has seen 450 films shot since 2008, generating R2.2bn since 2003.

The GR&KK has a competitive advantage with its multiple localities it is able to package and can offer a wide range of locations (forests, vineyards, farms, tree houses, tented camps, dams, rivers, beaches, airport, railway, game lodges, caves, heritage sites & buildings, industrial areas (i.e. broader than natural advantages).

The vision is to make the GR&KK a film industry destination of choice and be the hub for the film and television industry in the region with the corresponding mission to facilitate and enhance an enabling environment that allows the film and television industry to play a meaningful role in the socio-economic development of the region. Partners and key role players have been identified to assist in taking this vision forward in a self-sustainable way, and eight specific strategic interventions had been identified to guide the implementation and establishment of the GR&KK Film Office as a one-stop service entry point for the local and international industry members.

The roles of a film office has been identified and should be centrally located as an independent Non for Profit Company, consisting in the first year of a manager and administration person, and overseen by an advisory board equally represented by industry and governmental members as support to the office. The office will in the beginning be subsidised by the local municipalities and industry, and over time create opportunities to access other sources of income to be less “grant/subsidy” dependant and more self-sustainable. A total of R80 000 is budgeted as pre-start-up funding with an annual operational budget conservatively estimated at around R 720 000.

THE GARDEN ROUTE & KLEIN KAROO IS FILM FRIENDLY!!





TABLE OF CONTENTS

Executive Summary.....	2
1. Introduction.....	4
2. A vision for the GR&KK audio-visual industry.....	4
3. Current state of the Industry	8
4. Strengths, Weaknesses, Opportunities and Threats.....	10
5. Strategy Allgnment.....	12
6. Partners and key role players	14
6.1 Eden District Municipality	14
6.2 B- Municipalities.....	14
6.3 WESGRO and the Cape Town Film Office	14
6.4 SCEP	14
6.5 Landowners other than municipalities.....	15
6.6 Private sector production services and training providers.....	15
7. Sector support initiatives	15
8. Defining and allgning strategic roles and responsibilities	16
9. Strategic Interventions (in priority order)	18
9.1 Formation of the GR&KK Film entity and Film Office	18
9.2 Locations catalogue	21
9.3 Location support & Permitting	21
9.4 Skills catalogue	22
9.5 Enterprise Development and Support.....	24
9.6 Production Infrastructure Development	24
9.7 Coordinated Marketing Efforts	25
10. Conclusion and way forward	27
11. References	28



1. INTRODUCTION

This document was not crafted from a comprehensive industry study in the Eden District. It is rather based on lessons learnt by Local Economic Development practitioners from the various municipalities in their active engagement with the film industry over the preceding 18 months. The strategy was crafted with the explicit purpose of finding a position that will satisfy both Industry demands for support and Local Economic Development goals of the various local authorities. Although such a consensus position is not a simple point to arrive at, the author believes that this strategy will serve the needs of both industry and government, to the ultimate benefit of local residents in terms of job creation and economic growth.

2. A VISION FOR THE GR&KK AUDIO-VISUAL INDUSTRY

The GR&KK film industry can grow by leveraging its unique and diverse combination of locations, ease of access and "Film Friendly" attitude. The challenge for the industry is how to effectively address the constraints it faces, so it can unlock the region's growth potential. As the Western Cape's next key economic hub, the region has a fast growing population, ready for both local and international productions. The region is becoming a popular filming destination, but at the same time is still naïve with no specific strategy to drive the industry requirements and need to become more pro-active.

The vision will be achieved through the implementation of a development framework based on creating clear and practical interventions that will:

- Co-ordinate the efforts of Provincial Government (through Wesgro), District and local B Municipalities to ensure all efforts and initiatives are centralised
- Maximise the resources and infrastructure currently in the region and build on the ones lacking
- Invest in the development of the local film workforce and the production companies that constitute them
- Develop and promote the products and services of local production companies



- Invest in the support and development of creative communities through programming, infrastructure development and maintenance and create opportunities and access to the sector
- Create a range of sector specific initiatives in identified growth areas.

Vision: Making GR&KK a film industry destination of choice and be the hub for the film and television industry in the region.

Mission: To facilitate and enhance an enabling environment that allows the film and television industry to play a meaningful role in the socio-economic development of the region

Strategic Objectives:

- To increase the number of local and international film productions using the regionally based GR&KK Services, i.e. permits facilitation, locations promotion and logistical support.
- To increase access to locally produced films, especially to under resourced area communities through screenings, workshops, cinema exhibitions and broadcast partnerships. Local to include cross-boundary, provincial-wide access
- To increase number of jobs created in the film industry, through GR&KK support and facilitation.
- To transform the film industry by increasing enterprise ownership and participation by previously disadvantaged groups, i.e. Blacks, Women and people with Disabilities.
- To contribute to an increased number of locally filmed productions being showcased, exhibited and bought locally through affordable sets and locations.

Core Function: The GR&KK aims to become a serious player in the film and television industry through harnessing the region's creative expertise and unique and wide-ranging locations, by:

- Marketing the Garden Route and Klein Karoo as a film location of choice
- Acting as a centralised industry intelligence hub and resource





- Working with, and providing advice to Industry, government agencies and other key stakeholders about the support, development and growth of a sustainable creative industry
- Promoting and celebrating an active screen culture across the province, and
- Supporting the transformation of the sector into a world-class industry reflective of South Africa in its entirety.

Brand: The GR&KK has been mandated to build a strong destination brand for the Garden Route & Klein Karoo film industry and has committed itself to marketing the Garden Route as an internationally celebrated region through film. Representing the unique and diverse newcomer hub of the South African film industry, the GR&KK brand will seek to reflect the diversity and richness of the greater region.

In support of the brand the GR&KK will have to develop a new slogan to market the wide-ranging production services and locations on offer in the region.

Industry engagement: The GR&KK has created a platform for engaging the industry in a coordinated manner through an advisory industry forum that meets regularly and is chaired by SCEP.

There are four potential alternative growth paths that GR&KK Film can follow, namely:

- Business as usual
- A good value film friendly location
- Development of local content industry
- Integrated growth





Table 1 – Alternative growth paths

'Business as usual'	'A good value location'	'Development of local content industry'	'Integrated growth'
<ul style="list-style-type: none"> • Some newly formed businesses may struggle to succeed due to competitive pressures • Continued fragmentation of industry and under-resourced local government support • Local content development is likely to be limited • Dissatisfaction and migration of young and established local filmmakers to areas with more dynamic film sectors • Threat of industry decline 	<ul style="list-style-type: none"> • Film friendly location management, permitting and community views • Competitive pricing and service levels from the facilitation industries / municipalities • Growth in service, but limited growth in local content • Extension of services to post-production • Continued vulnerability to external shifts e.g. development of new location 'hot spots', currency fluctuations etc. 	<ul style="list-style-type: none"> • Strong local filmmaking emerges • Successful support efforts, potentially including local script and creative projects, production, audience development and distribution • Increased number of co-productions supported by a wide range of co-production agreements • Broadcasting, potentially with higher new local content, creates a stronger local market • Locations permitting and pricing are not resolved, • 'Made In GR&KK' films successfully enter niche markets, 	<ul style="list-style-type: none"> • Industry becomes more responsive to competitive pressures in terms of price, quality standards, and skills • Greater responsiveness to new technologies and linkages with related industries opening up new opportunities (creative industries, IT, new media, etc.) • Increased cooperation and supportive relationships between facilitation and local content create more positive career paths and sense of belonging, resulting in greater retention of skills and talent in the region • Strong, sustained and coordinated local government support • Higher growth rates, greater sustainability of businesses and a greater contribution to the regional economy



3. CURRENT STATE OF THE INDUSTRY

According to Wesgro, the film sector can be defined as film production, documentary production, TV, commercials, stills photography, as well as contemporary new media platforms, such as animation and gaming. South Africa in general and the Western Cape in particular are well-known as desirable film and production locations. South Africa has a vibrant, growing film industry that is increasingly competitive internationally. The industry is also growing in the Western Cape, reinforcing the region's status as a desirable production location.

- In the first half of 2015, 121 feature films were released at South Africa's box office, valued at over R548 million.
- The country's revenue from motion picture, video and TV production is expected to grow by 3.3% from USD977m in 2012 to USD1.2bn in 2018.
- In 2014, theatrical revenues for all films released in South Africa totalled R 880.3m, an increase of 0.13%. Foreign films grew by 6%, while South African films dropped by 44% in 2014.
- 228 films were released at South Africa's box office in 2014. Of those, 23 were South African films. In the same year, 56 film productions were shot in the country. Afrikaans language claimed 48% of the release on local productions, and 66% of local box office revenues.
- Animation studios in the Western Cape are the largest animation producers on the African continent.
- Over 20% of all film projects in South Africa in 2012 were filmed in the Western Cape with The Cape Town Film Studio rated as one of the top 10 studios globally.
- According to the Commercial Producers Association Industry Survey 2013, the average total turnover generated for all types of commercials in South Africa per company in 2012/2013 was R24m.
- The total turnover generated for all commercial productions for the same period was R1089.4m.
- Cape Town-based production companies generated R731m turnover, while Johannesburg-based companies generated R351m in turnover in 2012/2013.
- The global video game market generated revenues of R2.2bn in 2012.



There are many reasons why the Western Cape is a preferred destination for local and international production teams. Local and foreign filmmakers are taking advantage of the country's diverse and unique locations – as well as its low production costs. Among other attractive benefits, low production costs and favourable exchange rates present considerable savings for film-makers: it is up to 40% cheaper to make films here than it is in Europe and the USA, and up to 20% cheaper than in Australia.

The 2016 Film Industry Forecast, as seen by CallSheet was as follows.





4. STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

Internal environment	
Strengths	Weaknesses
<ul style="list-style-type: none"> Seasonality affecting commercial sustainability of enterprises in other regions Strong business environment with good support infrastructure (hospitality, tourism) Strong provincial economy with strong and growing domestic demand for entertainment Recent successful productions Diverse locations, accessible within short driving distance Proximity to a well-established international facilitation industry in the Western Cape Wealth of local stories Increased political support from the Western Cape Provincial Government 	<ul style="list-style-type: none"> Persistent negative perceptions internationally regarding safety and security No real existing local film industry An absence of coordinated industry programmes to retain and develop scarce skills Unsustainable production volumes particularly in the local feature film industry Lack of transformation All other brands are perceived as a weaker brand than 'Cape Town' which is widely known internationally, particularly from a locations perspective Lack of co-ordination between national, provincial and local agencies Distance from major international markets Limited Skills exist



	<ul style="list-style-type: none"> • Financially unsustainable film festivals • Location constraints: poor responsiveness from some public bodies, excessive film permit fees, speed and transparency of permitting processes and decisions, constrained access to some locations, poor support from local authorities • Declining cost-competitiveness and erratic Rand exchange rate • Access to seed funding • Lack of local financing means international partners are left with greater level of control e.g. intellectual property • Scarce skills and general business acumen • In some areas industry standards and professionalism still lacking/ undeveloped • Limited market intelligence • Poor broadband capacity • Fragmented supply chain
External environment	
Opportunities	Threats
<ul style="list-style-type: none"> • Service hub for productions shooting in remote and exotic locations • Cost advantage relative to Europe and the United States of America • Development of technological expertise and infrastructure • Development of training and skills development programmes • Development of the distribution sector • Use of new business and financing models • Cape Town Film Studios will bring more 	<ul style="list-style-type: none"> • Uncertain long-term sustainability of industry due to volatile market and protracted industry crises • Low-cost destinations in South America, Eastern Europe and Africa • Piracy and illegal downloading • Increased film activity in other provinces • Increasing Rand volatility • Competition with foreign content • Overexposure of locations • Lack of re-investment in studios and other



<p>international productions to SA, and GR&KK can benefit from providing services</p> <ul style="list-style-type: none"> • Opportunity to link with ICT sector • Using film to address pressing social needs • Link with provincial and municipal efforts to promote GR&KK and support growth of sectors, clusters and precincts • Align with other sectors i.e. tourism, music, visual arts etc. • Leverage co-production and international cultural treaties • Expand on the 'Film Friendly' campaign to build pride and local involvement • Develop soft incentives i.e. hospitality and travel discounts • Improve skills and industry standards • Working with WESGRO, the National Film and Video Foundation (NFVF), other provincial film commissions and film bodies in neighbouring and regional countries to create a stronger regional network of film commissions in order to improve the visibility of the sub-continent and region in general 	<p>infrastructure leaving the province uncompetitive when the next economic upturn comes</p> <ul style="list-style-type: none"> • Locations 'fatigue' in prime locations with businesses and communities becoming hostile towards productions • Perceived lack of transformation resulting in less government sector support • 'Brain drain' worsening scarcity of skills
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5. STRATEGY ALIGNMENT

There is an opportunity to align the sector growth path with strategic initiatives of government aimed at growing the national and provincial economies. The New Growth Path (Republic of South Africa 2010:34) for example identifies tourism not only as a priority sector but calls for strategies to ensure that proposals are developed for tourism growth to support employment creation in the cultural industries including crafts, film, music and drama.



Similarly, the national Industrial Policy Action Plan (Republic of South Africa 2010: 77-78) calls on a number of interventions to address pervasive sectoral constraints including:

- Addressing key skills gaps in respect of business, entrepreneurial and scriptwriting capabilities
- Growing indigenous languages scriptwriting talent
- Co-ordinating skills transfer from international production and co-production
- Audience development to address the lack of public infrastructure which hinder access to cinema by large segments of the population
- Developing a clear strategy on how to finance an increasing number of quality productions across the development, production and marketing/ distribution phases
- Develop strategies to facilitate private investment

At a regional and local municipality level Eden District Municipality and the B Municipalities can assist with the following as part of the bigger partnership:

- Transforming the local economy through improved efficiency
- Sustainable employment creation
- Increasing economic equity and ownership
- Investing in people
- Social cohesion and sustainable communities
- Maximise the resources and infrastructure currently in the province and region
 - Co-ordinate the efforts of government
 - Invest in further development of the creative workforce, creative clusters and the enterprises that constitute them
 - Develop and promote the products and services of the creative clusters and enterprises
 - Invest in the support and development of creative communities through programming, infrastructure development and maintenance and create access to cultural activities and opportunities, and
 - Create a range of sector specific initiatives in identified growth areas.





The GR&KK Film Office therefore also needs to ensure that it:

- Targets production-enhancing 'activities' and sourcing investors to fund the "activities"
- Provide additional support for new activities, while assisting existing activities by removing regulatory or infrastructure-related obstacles
- Promote an environment conducive to experimentation with products, production and distribution e.g. Innovation hubs
- Reduce information gaps and red tape that may limit private-sector economic activity, and avoid creating economic opportunities for some firms and not others
- Addresses the need for alignment between Eden District Municipality and the different B Municipalities as well as between the District, Provincial & National Governments

6. PARTNERS AND KEY ROLE PLAYERS

6.1 EDEN DISTRICT MUNICIPALITY

Overall responsibility for coordinating the marketing effort and interaction with Wesgro and Provincial Government structures and to support the GR&KK Film office.

6.2 B-MUNICIPALITIES

Supporting the film office, local permitting and by laws and infrastructure support to the production companies

6.3 WESGRO AND THE CAPE TOWN FILM OFFICE

Important for marketing and promoting the region as an alternative location destination and to avoid duplication of agreements entered into with CTFO

6.4 SCEP

Enable a partnering and co-operative approach across boundaries and sectors to stimulate economic growth. SCEP can play a facilitation role in the earlier stages



6.5 LANDOWNERS OTHER THAN MUNICIPALITIES

Entities such as SanParks, Cape Nature, MTO, Transnet and others are the landowners and custodians of many of the ideal locations that will be forming part of the film location guide, and applicable agreements must be entered into with them by the GR&KK Film office (and for the interim the Eden District Municipality) until the Film Office is fully operational. Some of these landowners already have permitting processes and service providers in place, and that will be honoured as far as possible (Cape Nature and Permitz as an example <http://www.permitz.co.za/>)

6.6 PRIVATE SECTOR PRODUCTION SERVICES AND TRAINING PROVIDERS

The private sector is an important partner to ensure the local growth of the industry through a structured approach, to minimise duplication but at the same time to allow natural market forces to prevail.

7. SECTOR SUPPORT INITIATIVES

National government, through the NFVF, the Industrial Development Corporation (IDC) and the DTI, is the principal investor in the local film production industry. In addition, the SETAs oversee skills development funds based on skills levies collected while the National Lottery Distribution Fund allocates grant funds to film projects.

- National Film and Video Foundation
- Industrial Development Corporation
- Department of Trade and Industry
- South African Revenue Service Tax incentives
- National Lotteries Distribution Trust Fund
- Media, Advertising, Information, Communication and Technologies SETA
- Media Development and Diversity Agency
- National Electronic Media Institute of South Africa
- Regional film commissions

A number of regional and local film bodies have been set up over the past decade to market their regions. The Cape Film Commission, Gauteng Film Commission (GFC), Durban Film Office (DFO) and Cape Town Film Permit Office seek to create an enabling environment for

MAYORAL COMMITTEE

22 MAY 2017

DISTRICT COUNCIL

29 MAY 2017

DC 169/05/17

FINANCIAL SUPPORT FOR THE ERECTING OF NEW FENCING AS WELL AS THE REPLACING OF DAMAGED FENCING ALONG THE PROVINCIAL ROADS NETWORK IN THE JURISDICTION AREA OF THE EDEN DISTRICT MUNICIPALITY/ *FINANSIËLE ONDERSTEUNING VIR DIE OPRIGTING EN VERVANGING VAN BESKADIGDE OMHEININGS LANGS DIE PROVINSIALE PADNETWERK* / INKXASO-MALI NGOKUFAKELWA KOCINGO OLUTSHA KUNYE NOKULUNGISWA KOCINGO OLONAKELEYO KWIMIGAQO YEPHONDO KWINGINGQI YOMDA WESITHILI SOMASIPALA WE EDEN (575209)

(17/3/16/1)

3 April 2017

REPORT FROM EXECUTIVE MANAGER (JC OTTERVANGER): ROADS SERVICES DEPARTMENT

PURPOSE OF THE REPORT

The purpose of the report is to obtain Council approval for the implementation of an increase in the fencing subsidy for erecting of new fencing as well as the replacing of damaged fencing along the provincial road network in the jurisdiction area of the Eden District Municipality.

BACKGROUND / DISCUSSION

The Eden District Municipality, implementing agent on behalf of the Provincial Government of the Western Cape, is responsible for the maintenance of fencing along road reserves. During 2012 the Eden District Municipality was informed that due to a lack of funding, no fencing subsidies will be allowed to be financed by the Eden District Municipality and that all applications should be directed to the District Road Engineer in Oudtshoorn for consideration.

Since 2013, several floods occurred in the Eden region and many fences have been washed away. The absence of fences poses serious risks to the public as farm animals stray from farms to cross the road. The Road Ordinance No 19 of 1976 determined that the Department of Transport and Public Works and the Eden District Municipality as its implementing agent, may maintain all fences along its provincial road network (Section 12 of the Road Ordonnance, 19 of 1976).

During 2015, the District Road Engineer, Oudtshoorn approved the consideration of a fencing subsidy in severe incidents. Applications will be considered and must be approved by the District Road Engineer prior to the payment of any subsidies.

The proposed fencing subsidy is attached as Annexure A for consideration.

The Mayoral Committee approved the fencing subsidy in February 2016.

FINANCIAL IMPLICATIONS

An amount of R1 500 000.00 has been made available in the new 2017/2018 budget for this purpose.

RELEVANT LEGISLATION

Road Ordinance, No 19 of 1976.

COMMENTS: CHIEF FINANCIAL OFFICER

Relook the heading and wording of the recommendation, the wording tariff be approved, however it is a fencing subsidy, should the word tariff not be replaced with fencing subsidy?

COMMENTS: EXECUTIVE MANAGER CORPORATE STRATEGIC SERVICES

Noted.

COMMENTS: COMMUNITY SERVICES

Noted.

COMMENTS: LEGAL SERVICES

If it is a tariff, the increase must also be advertised. The item to be amended to reflect this.

UITVOERENDE OPSOMMING

Eden Distriksmunisipaliteit, as implementeringsagent van die Provinsiale Regering: Wes-Kaap is ingevolge Pad Ordinansie No 19 van 1976, behulpsaam mag wees vir die instandhouding van omheinings langs die provinsiale padnetwerk in die jurisdiksie gebied van Eden (Artikel 12 van die Pad Ordinnansie, 19 van 1976).

Sedert 2012 is opdrag ontvang dat alle omheiningssubsidies direk deur die Distriks-padingenieur in Oudtshoorn hanteer word.

Verskeie vloede het sedert 2013 voorgekom en 'n groot netwerk omheinings is weggespoel gedurende die vloede. Die afwesigheid van omheinings is 'n risiko vir padgebruikers, aangesien plaasdiense dikwels oor die pad loop.

Die Distrikspadingenieur het gedurende 2015 goedkeuring verleen dat Eden Distriksmunisipaliteit aansoeke vir omheining mag oorweeg en uitbetaal nadat dit deur die Distrikspadingenieur oorweeg en goedgekeur is.

Aangeheg as Aanhangsel A, is 'n voorgestelde subsidie struktuur vir die oorweging en betaling van aansoeke.

Die Burgemeesterskomitee het die tariefstruktuur in Februarie 2016 goedgekeur.

RECOMMENDATION

1. That the proposed increase for financial support for erecting of new fencing as well as the replacing of damaged fencing along the provincial road network in the jurisdiction area of the Eden District Municipality be considered.
2. That the fencing subsidy be implemented on 1 July 2017.

AANBEVELING

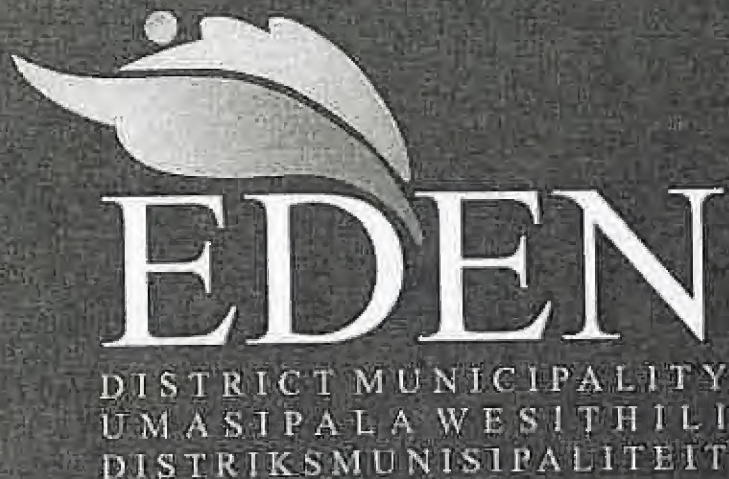
1. *Dat die voorgestelde verhoging vir finansiële ondersteuning vir die oprigting van nuwe omheinings asook die vervanging van beskadigde omheinings in die padreserwe langs die padnetwerk in die Eden jurisdiksie gebied oorweeg word.*
2. *Dat die omheiningssubsidie vanaf 1 Julie 2017 geïmplementeer word.*

ISINDULULO

1. Sesokuba isiphakamiso sochatha ngokwezemalinxaso yokufakelwa kcingo kuquka nokulungiswa kcingo olonakeleyo ecaleni kwendlela sonxibelelwano zephondo kwingingqi yomda Womasipala Wesithili se Eden siqwalaselwe.
2. Sesokuba isibonelelo sofakelo locingo simiselwe ngomhla 01 kweyeKhala 2017.

APPENDIX

Annexure A: Proposed subsidy tariff structure for the erecting of new fencing as well as the replacement of damaged fencing along the provincial roads network in the jurisdiction area of the Eden District Municipality.



FINANCIAL SUPPORT FOR PUTTING UP OF NEW FENCING AS WELL AS THE REPLACING OF FENCING ALONG THE PROVINCIAL ROADS NETWORK IN THE JURISDICTION AREA OF THE EDEN DISTRICT MUNICIPALITY

FINANSIELE ONDERSTEUNING VIR DIE SPAN VAN NUWE HEININGS EN VERVANGING VAN HEININGS LANGS DIE PROVINSIALE PADNETWERK IN DIE JURISDIKSIE GEBIED VAN DIE EDEN DISTRIKSMUNISIPALITEIT

1. ALGEMEEN

Hierdie skema sal gebaseer word op die beleid, riglyne en tipe heiningstandaarde soos vervat in die Provinsiale Padomheiningshandleiding, wat aan die Provinsial Streekskantore en Distriksmunisipaliteite se paale afdelings voorsien word.

2. VERLENING VAN SUBSIDIE

Die distriksmunisipaliteit staan 'n subsidie toe op die totale beraamde koste betrokke vir die oprigting van 'n standaard omheining en wat in praktyk beteken dat dit slegs die aankoopprys van die materiale komponent vir die tipe van omheining per km sal behels, in ooreenstemming met die pryse wat op 'n jaarlikse basis verkry word by die plaaslike diensverskaffers en/of tenders.

3. AANSOEKE

- 3.1 Die aansoekvorm moet by die distriksmunisipaliteit op die voorgeskrewe aansoekvorm ingedien word.
- 3.2 Subsidies sal toegeken word met inagneming van behoeftes en verspreiding regoor die gebied.
- 3.3 Na oorweging van eie geïdentifiseerde behoeftes (bv begroting beskikbaar, klas van pad betrokke, risiko's betrokke, ens.) sal die Eden Distriksmunisipaliteit (Direktoraat: Paale) saam met die Provinsiale Padowerheid se streekskantore alle aansoeke wat ontvang is, oorweeg en goedkeur.

4. UITKOMS

- 4.1 Die grondeienaar(s) sal skriftelik ingelig word deur die distriksmunisipaliteit van die uitkoms.
- 4.2 Indien die uitkoms positief is, sal die grondeienaar eers deur die tegniese verteenwoordiger van die distriksmunisipaliteit besoek word voordat daar met werk begin mag word, ten einde enige onduidelikheid oor die proses of spesifikasies te finaliseer.

5. AANVANKLIKE KOSTE

Die grondeienaar dra eers aanvanklik al die kostes vir die aankoop van die omheiningsmateriaal (volgens die voorgeskrewe spesifikasies van die Provinsiale Padowerheid) asook die oprigtingskoste.

6. VOLTOOIINGSTYDPERK

'n Voltooiingstydperk van twee (2) maande na die datum van goedkeuring van 'n aansoek sal gehandhaaf word.

7. INSPEKSIE VAN VOLTOOIDE WERK

'n Inspeksie sal na afloop van die twee (2) maande voltooiingstydperk geskied om te bevestig of die werk gedoen is al dan nie, en in ooreenstemming met die voorgeskrewe standaarde, waarna 'n uitbetaling aan die grondeienaar gemaak sal word.

8. GOEDKEURING VAN AANSOEKE

Volmag sal aan die Munisipale Bestuurder en Senior Bestuurder: Paale verleen word om aansoeke goed te keur na oorlegpleging met die Distrikspadingenieur, Oudtshoorn.

9. VERHOGING IN TARIEWE

Dat die beleid elke twee jaar aan die Raad voorgelê word vir aanpassing van tariewe.

1. GENERAL

This scheme will be based on the policy, guidelines and type of fencing standards contained in the Provincial Roads Fencing Guide, which is provided to the Provincial Regional Offices and the District Municipalities' roads services.

2. GRANTING OF SUBSIDY

The district municipality grants a subsidy on the total estimated costs involved for the construction of a standard fence and this means in practice that it will only entail the purchase price of the material component for the type of fencing per km, according to the prices obtained on an annual basis from the local service providers and/or tenders.

3. APPLICATIONS

- 3.1 The application must be submitted to the district municipality on the prescribed form.
- 3.2 Subsidies will be awarded by taking the needs and distribution throughout the area into account.
- 3.3 After consideration of own identified needs (e.g. budget available, type of road involved, risks involved, etc.) the Eden District Municipality (Directorate: Roads), together with the Provincial Roads Authority's Regional Offices will consider and approve applications.

4. OUTCOME

- 4.1 The landowner(s) will be notified by the district municipality in writing of the outcome.
- 4.2 If the outcome is positive, the landowner will first be visited by a technical representative of the district municipality before any work may commence in order to finalize any queries regarding the process or specifications.

5. INITIAL COSTS

The landowner initially bears all the costs for purchasing the fencing material (according to the prescribed specifications of the Provincial Roads Authority) as well as the construction costs.

6. COMPLETION PERIOD

A completion period of two (2) months from the date of approval of an application will be maintained.

7. INSPECTION OF COMPLETED WORK

An inspection will take place after the two (2) months completion period to confirm whether the work was done or not, and according to prescribed standards, after which a payment will be made to the landowner.

8. APPROVAL OF APPLICATIONS

Authorisation is granted to the Municipal Manager and Executive Manager: Roads to approve applications.

9. INCREASE IN TARIFFS

That the policy be submitted to Council every two years for adjustment of tariffs.

ANNEXURE A / AANHANGSEL A



EDEN DISTRICT MUNICIPALITY : ROADS DEPARTMENT		
FENCING SUBSIDY	1 JULY 2017 – 30 JUNE 2018 1 JULY 2018 – 30 JUNE 2019	
PROVINCIAL ROADS	Trunk roads, Main Roads, District roads and Minor roads	
SPECIFICATIONS		
1. STOCK-PROOF FENCES	Treated poles (100-125mm in diameter and 2.10 metres in length) placed 10 metres apart with five (5) treated droppers (50-60mm in diameter and 1.50 metres long) between poles and five (5) barbed and four (4) smooth fencing wires.	
SUBSIDY	1 July 2017 – 30 June 2018: <i>R31 000.00 per 1000 meters fencing erected (excl VAT) – All totals rounded off to the nearest R100.00.</i> 1 July 2018 – 30 June 2019: <i>R34 000.00 per 1000 meters fencing erected (excl VAT) – All totals rounded off to the nearest R100.00</i>	
2. VERMIN-PROOF FENCES	Treated poles (100-125mm in diameter and 2.10 meters in length) placed 10 meters apart with five (5) treated droppers (50-60mm in diameter and 1.50 meters long) between poles and three (3) barbed and two (2) smooth fencing wires with 75mm hexagonal wire netting.	
SUBSIDY	1 July 2017 – 30 June 2018: <i>R56 000.00 per 1000 meters fencing erected (excl VAT) – All totals rounded off to the nearest R100.00.</i> 1 July 2018 – 30 June 2019: <i>R62 000.00 per 1000 meters fencing erected (excl VAT) – All totals rounded off to the nearest R100.00</i>	
Recommended fencing	Stock-proof fences	
	Vermin-proof fences	
RECOMMENDED BY SENIOR MANAGER : ROADS SERVICES DEPARTMENT		
SIGNATURE		DATE
COMMENTS: <i>Approved based on Council Resolution to subsidise the constructing of a standard fence and in practice this means that it will only entail the purchase price component of the fencing materials, but no labour will be provided.</i>		
APPROVED BY MUNICIPAL MANAGER		
SIGNATURE		DATE

ANNEXURE B / AANHANGSEL B.1

FENCING SUBSIDY APPLICATION REPORT TO THE DISTRICT ROADS ENGINEER: REPLACEMENT OF DAMAGED / POOR FENCING AND GATES (Please provide a separate form for each road on the application)					
Mr/Ms					
Date of application					
Address					
Cellular phone:					
Home telephone number:					
Work telephone number:					
Road Name & Number:					
Distance to the left of the road					
From Km		To km		Sub-total	km
From Km		To km		Sub-total	km
From Km		To km		Sub-total	km
From Km		To km		Sub-total	km
Total Km to the left of the road					km
Distance to the right of the road					
From Km		To Km		Sub-total	km
From Km		To Km		Sub-total	km
From Km		To Km		Sub-total	km
From Km		To Km		Sub-total	km
Total Km to the right of the road					km
TOTAL DISTANCE IN KILOMETERS LEFT AND RIGHT					km
Number of grid gates that may be removed			Left		
Number of swing gates that may be removed			Left		
Number of grid gates that may be removed			Right		
Number of grid gates that may be removed			Right		
SPECIFY THE TYPE OF FENCING (Mark with X)			Stock-proof		
			Vermin-proof		
<i>Please note: Where vermin-proof fencing is applied for, an official letter from Cape Nature Conservation must accompany the application and motivation thereof.</i>					
Type of farming:					
Age of wire fencing (years)					
Date that wire fencing was erected (year)					
Have you received or requested funding through any other entity, e.g. disaster funds; claims from private insurance.					

RECOMMENDATION: DEPUTY MANAGER: MAINTENANCE

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

Recommended for consideration	Type of fence		Not recommended
Signature:	Stock proof 	VermIn proof 	Date:

ANNEXURE C

EDEN DISTRICT MUNICIPALITY		
FENCING MATERIAL REQUIRED PER KILOMETER		
2017/2018		
ALL WIRING AND NETTING MUST BE FULLY GALVENISED		
1.	Stock-proof fences – 5 barbed wire and 4 smooth fencing wire with 5 droppers specification	
	6 rolls double barbed wire (840 m/roll)	
	3 rolls smooth fencing wire (1650x2.2mm steel)	
	1 roll no 8 stay wire (500m x 4mm)	
	1 roll no 10 binding wire (2015m x 2mm)	
	125 tar poles	
	520 droppers	
2.	VermIn-proof fences – 3 x barbed wire, 3 x smooth fencing wire and wire netting with 5 droppers specification	
	20 rolls 75 mm x 50 m hexagonal wire netting (1.8 mm diameter galvanised mild steel 1.2m wide)	
	4 rolls double barbed wire (840m/roll)	
	2 rolls smooth fencing wire (1650mm x 2.2 mm steel)	
	1 roll no 8 stay wire (500 m x 4 mm)	
	1 roll no 10 binding wire (2015m x 2 mm)	
	125 tar poles	
	520 droppers	

EDEN DISTRICT MUNICIPALITY						
FENCING SUBSIDY CONTRACT						
PARTIES TO THE CONTRACT		The parties shall be the registered landowner or his/her legal representative and the relevant district municipality.				
PURPOSE OF THE CONTRACT		The purpose is to legally contract the parties to the delivery of the fencing in accordance with the distances, positioning, location and specification hereby agreed upon and the resultant subsidy payment within two calendar months by the district municipality to the landowner or his/her legal representative after formal approval of the fencing.				
Please note that where the fencing does not comply with the specifications as detailed by the district municipality and has not been accepted in writing as complying with the specifications (formal approval), the subsidy will not be paid to the applicant.						
ROAD NUMBER				ROAD NAME		
Fencing distances as per km markers:						
Distance left of road	From km		To km		Sub-total	km
	From km		To km		Sub-total	km
	From km		To km		Sub-total	km
	From km		To km		Sub-total	km
TOTAL LEFT KM						km
Distance right of road	From km		To km		Sub-total	km
	From km		To km		Sub-total	km
	From km		To km		Sub-total	km
	From km		To km		Sub-total	km
TOTAL RIGHT KM						km
TOTAL DISTANCE OF FENCING IN KM						km
Number of grid gates removed (left and right)						
Number of swing gates removed (left and right)						
Specifications of fencing (plans attached if necessary)						
Subsidy payable according to specifications				R		
R per kilometre of fencing						

RECOMMENDATION : ROAD SERVICES DEPARTMENT

Signed at on this day of

SUPERINTENDENT

Name: Signature:

Signed at on this day of

DEPUTY MANAGER: CONSTRUCTION, MAINTENANCE, REGRAVEL AND MECHANICAL SERVICES

Name: Signature:

Signed at on this day of

EXECUTIVE MANAGER (HEAD OF DEPARTMENT)

Name: Signature:

Signed at on this day of

MUNICIPAL MANAGER

Name: Signature:

Witnesses:

1. Name: Signature:

2. Name: Signature:

Signed at on this day of

LANDOWNER / LEGAL REPRESENTATIVE

Name: Signature:

Witnesses:

3. Name: Signature:

4. Name: Signature:

MAYORAL COMMITTEE

22 MAY 2017

DISTRICT COUNCIL

29 MAY 2017

DC 170/05/17

**MUNICIPAL DEMARCATION BOARD (MDB): CIRCULAR 1/2017:
 DETERMINATION AND RE-DETERMINATION OF MUNICIPAL
 BOUNDARIES AND MUNICIPAL DEMARCATION BOARD'S
 PROGRAMME FOR 2017-2021 / *MUNISIPALE AFBAKENINGSRAAD:
 OMSENBRIEF 1/2017: AFBAKENING EN HER-AFBAKENING VAN
 MUNISIPALE GRENSE EN MUNISIPALE AFBAKENINGSRAAD SE
 PROGRAM VIR 2017-2021* / IBHODI YEMIDA YOMASIPALA: ISAZINGE
 1/2017: UQWALASELO KUNYE NOKUQWALASWELA KWAKHONA
 KWEMIDA YOMASIPALA KUNYE NENKQUBO ZEMIDA ZOMASIPALA
 KU 2017-2021(579811)**

(2/1/2)

03 May 2017

**REPORT FROM THE EXECUTIVE MANAGER: CORPORATE/STRATEGIC
 SERVICES (B HOLTZHAUSEN)**

PURPOSE OF THE REPORT

To submit Circular 1 of 2017 dated 27 March 2017 received from the Municipal Demarcation Board regarding the determination and re-determination of municipal boundaries and the MDB's program for 2017/2021.

BACKGROUND

Attached is a copy of Circular 1 of 2017 dated 27 March 2017, received from the Municipal Demarcation Board. The contents of the circular are self explanatory.

FINANCIAL IMPLICATIONS

None

RELEVANT LEGISLATION

Section 21 (5) of the Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998) reads as follows:

The Board must –

- a) consider any objections; and
- b) either confirm, vary or withdraw its determination

RECOMMENDATION

That the contents of Circular 1 of 2017, dated 27 March 2017 received from the Municipal Demarcation Board regarding determination and re-determination of municipal boundaries be noted.

AANBEVELING

Dat kennis geneem word van die inhoud van Omsendbrief nommer 1 van 2017 gedateer 27 Maart 2017, ontvang vanaf die Munisipale Afbakingsraad rakende die afbakening en her-afbakening van munisipale grense.

ISINDULULO

Sesokuba umoho weSazinge 1 sango 2017, sangomhla 27 kweyoKwindla 2017 nesifunyenwe kwiBhodi Yemida Yomasipala ngokumalunga noqwalaselo kunye nokwalaselo ngokutsha kwemida yomasipala ithathelwe ingqalelo.

APPENDIX A



- To:**
- Minister of Cooperative Governance and Traditional Affairs**
 - Minister of Justice and Correctional Services**
 - Minister of Rural Development and Land Reform**
 - Minister of Finance**
 - Minister of Basic Education**
 - Minister of Health**
 - Minister of Environmental Affairs**
 - Minister of Water and Sanitation**
 - MECs of Provincial Departments responsible for Local Government**
 - Chairpersons of National & Provincial Houses of Traditional Leaders**
 - Statistician – General**
 - President of South African Local Government Association**
 - Chairperson of Independent Electoral Commission**
 - Mayors of Metropolitan, District and Local Municipalities**
- Cc:**
- DG's of all abovementioned Departments**
 - Chief Surveyor General**
 - Chief Electoral Officer**
 - Chief Executive Officer of SALGA**
 - Members of extended Boundaries, Powers and Function Committee**
 - Members of Local Elections Technical Committee**
 - Other Stakeholders**

Dear Sir/Madam,

CIRCULAR 1/2017: DETERMINATION AND REDETERMINATION OF MUNICIPAL BOUNDARIES, AND MDB'S BROAD PROGRAM 2017 – 2021

PURPOSE

1. To inform all MDB stakeholders about the decision of the Municipal Demarcation Board with regard to its work program for the period 2017 to 2021.
2. To provide MDB stakeholders with a broad plan for the technical boundary re-alignment process.

File Nr	2113
Scan Nr	
Collab Nr	

1

COPY TO:	
FOR COMPLETION:	MM
COMMENTS:	
INFORMATION:	
DISCUS WITH:	
DIARISE:	MES
MAYOR:	
EMM:	18 APR 2017

INTRODUCTION

3. For the past 17 years, Municipal Demarcation Board (MDB) has been in the forefront of spatial transformation in South Africa through the determination and re-determination of municipal boundaries. This process evolved from addressing spatial injustices of the past to rationalizing municipalities into functional units to meet their constitutional obligations, including infrastructure and service delivery.
4. While the MDB has seen many years of success, these have not been without challenges. As in any thriving democracy, decisions of the Board are challenged from time to time in the courts of law and there have been community protests (sometimes violent) against decisions of the Board in some parts of the country.
5. The successes since the year 2000 have been achieved in part through the strong partnerships established with other institutions such as the Independent Electoral Commission (IEC), Statistics SA, Financial and Fiscal Commission (FFC), Department of Cooperative Governance and Traditional Affairs (COGTA), Chief Surveyor-General (CSG), South African Local Government Association (SALGA), provincial departments responsible for local government and municipalities.
6. Notwithstanding the challenges that confronted the MDB, many valuable lessons were learnt. These lessons have placed the MDB in a better position to review the demarcation process and propose changes to the legislative framework that govern its work.
7. In a bid to improve the demarcation process, the MDB considered the following:
 - a) Demarcation Process Review Task Team report which was a comprehensive review of the current legislation and the practice and process of municipal demarcation;

- b) Lessons learned from previous demarcation processes and from engagements with stakeholders (including the public); and
- c) The outcomes of MDB Conference on Demarcation and Spatial Transformation held in June 2016.

8. The outcome of the above-mentioned processes pointed to the following matters that require some attention:

- a) Limitations and challenges with the legislation governing demarcations.
- b) MDB's five year cyclic review of municipal boundaries is too short and compromises the planning and service delivery role, and consequently municipal sustainability.
- c) Lack of a clear plan on configuration of the local government landscape - continued debates on the future of the two-tier system of local government, secondary cities and categorisation of metropolitan areas.
- d) Communities proposing changes to provincial boundaries often making MDB's work difficult as they refuse to accept that this does not constitute MDB's mandate.
- e) Inadequate funding of MDB which does not allow for establishment of regional presence and might constrain effective public participation.
- f) Instances of misaligned municipal boundaries to cadastral farms, including challenges with spatial configuration of informal settlements.
- g) Spatial discrepancies concerning traditional authority areas exacerbated by lack of proclamations, thus resulting in misalignment of municipal boundaries.
- h) Inadequate fiscal allocations for transitional arrangements to ensure that the newly established municipalities are functional from the date of effect.

MSS

DECISION WITH REGARD TO DETERMINATION AND REDETERMINATION

9. The MDB considered all circumstances and on 08 December 2016 resolved that no major municipal boundary redeterminations would be conducted within the period preceding the 2019 national elections. Only correction of technical misalignment of municipal boundaries will be dealt with. The process will involve minor adjustments to align municipal boundaries to either cadastral boundaries, natural or man-made features (e.g. farm boundaries, rivers, roads), as well as alignment of split settlements.

MDB STRATEGIC DIRECTION AND PRIORITIES FOR THE RE-DETERMINATION PROCESS

10. As already indicated, no major redetermination of municipal boundaries (e.g. amalgamations and categorizations) will take place within a period preceding 2019 national elections, save for the boundary misalignment project.
11. The work of the municipalities and other key stakeholders such as the IEC will be impacted negatively if these boundary misalignments are not addressed due to reasons that include the following:
- a) Misaligned boundaries create confusion in management of municipal property rates when one farm is split between two municipalities.
 - b) Disruptions during electoral processes when communities realize that a portion of their settlement, which they expect to be in one ward is located outside of their municipality.
 - c) Civil unrests over land ownership disputes, especially where there is no legally proclaimed farms, mostly prevalent in rural traditional communities. .
 - d) Due to growth of settlements and uncoordinated site allocations, some settlements straddle across municipal boundaries.
 - e) A need to provide legally identifiable boundaries and enhance effective administration.

12. During 2016, MDB conducted preliminary technical municipal boundary assessments to determine the extent of boundary misalignment and these have been divided into four broad categories:

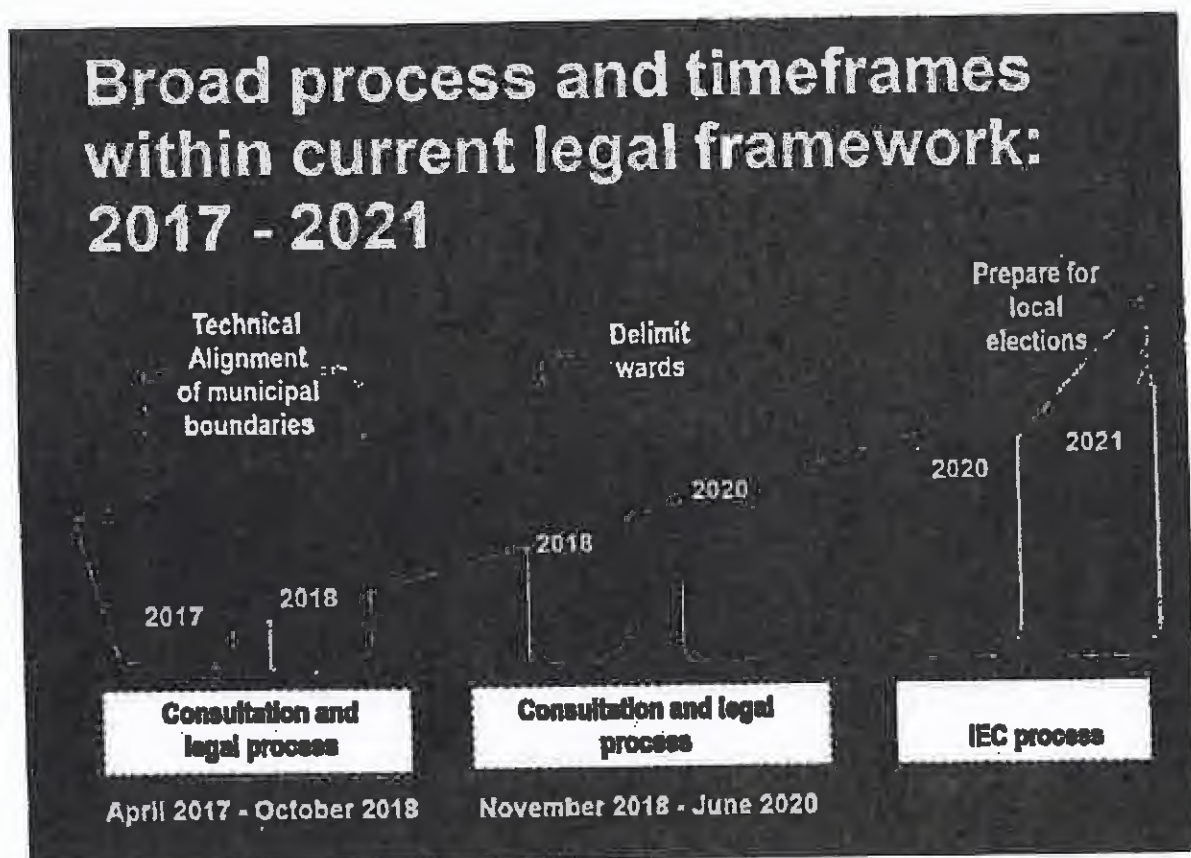
- a) **Split communities:** These cases may have occurred either as a result of the previous municipal boundary redeterminations conducted without the availability of adequate data to identify the extent of these communities, or as a result of the growth of these communities beyond their original boundaries. This category of boundary misalignment cases affect service delivery, as these communities are caught between more than one municipalities, which may not be aware of the boundary anomaly, thus withhold their services to the affected communities.
- b) **Cadastral misalignments:** This category is mainly caused by the inaccuracy of spatial base data used, thus causing minor shifts between the municipal boundaries and the cadastral boundaries. Invariably, this category does not affect large areas or populations, thus can be adjusted with minimal impact to the functioning of municipalities.
- c) **Split farms:** This is similar to cadastral misalignment, as it affects the cadastral boundaries of farms. The category affects portions of one farm split between two or more municipalities. This affects the property valuations of municipalities and eventually their rates and taxes on those properties.
- d) **Split Traditional communities:** This category is a result of municipal boundaries splitting the traditional council areas, often due to the lack of validated dataset for traditional council areas and at times due to the vastness of the traditional council areas that makes it difficult and sometimes impossible for them to fit into a single municipality. Most of the traditional council areas have not been surveyed, thus validity of this dataset remains disputed, which poses a risk if this was to be used as the base for municipal boundary redetermination. This category involves an extensive process that could take much longer than the period of the demarcation process. It will therefore not be included in the forthcoming boundary alignment project. However, the MDB is already working with the Chief Surveyor General as well as COGTA to unravel challenges linked to this category.

DEMARCATION PROCESS 2017-2021

13. The 2017–2021 demarcation process is aimed at addressing boundary misalignments, and not major boundary redeterminations.

14. The sequence of events for demarcation process culminating in the 2021 local government elections is broadly planned as illustrated in the diagram below. This includes technical boundary alignments conducted between 2017 and 2019, ward delimitation in local and metropolitan municipalities between the 2019 and 2020, and the IEC processes for the local government elections towards 2021.

BROAD DEMARCATION PROCESS



15. The municipal boundary re-determination programme focusing on technical boundary alignment detailing the activities and broad timeframes is attached as Annexure A.

CONCLUSION

16. Municipal Mayors are requested to bring the contents of this circular to the attention of all councillors, and other stakeholders in their municipal areas such as ward committees, traditional leaders, community development workers etc. The MDB is looking forward to strengthen its relations with all stakeholders in this process and would like to plead for the cooperation and support we enjoyed in the previous cycles.

17. The MDB is committed to ensure that the process of the technical boundary alignments will be done in consultation with key stakeholders and the affected communities.

Regards



JANE THUPANA

CHAIRPERSON: MUNICIPAL DEMARCATION BOARD

DATE: 27/03/2017

ANNEXURE A

BOUNDARY ALIGNMENT PROGRAMME
(ACTIVITIES AND BROAD TIMEFRAMES)

PROCESSES	DATE	TASK	RESPONSIBILITY
Consultation Process – Pre Legal Process	April – June 2017	Consultation with MINMEC	MDB – BOARD
		Consult with Provinces	MDB – BOARD
		Consultation with other Primary Stakeholders	MDB OFFICIALS
Legal Process: Intention to Consider Proposals and Board decisions: Section 28 & 27 of the Municipal Demarcation Act (MDA)	July- September 2017	Publish intention to consider proposals and process submissions	MDB – BOARD & OFFICIALS
Legal Process: Conduct Investigations and public meetings and Board decisions – Section 28, 29	October – December 2017	Conduct Investigations	MDB – BOARD & OFFICIALS
	January 2018 – March 2018	Conduct Public Meetings	MDB – BOARD & OFFICIALS

MST

PROCESSES	DATE	TASK	RESPONSIBILITY
& 18 and 21(1) of the MDA	April 2018 – June 2018	Consideration of Public Inputs and determinations or redeterminations	MDB – BOARD & OFFICIALS
Legal Process: Publication for Objection- Section 21(3) of MDA	July – August 2018	Publication of re- determination and consideration of objections	MDB – BOARD & OFFICIALS
Legal Process: Confirm, Vary or Withdraw Re- determination – Section 21(5) of MDA	September – October 2018	Confirm, vary or withdraw re- determination and final gazetting	MDB – BOARD & OFFICIALS

MSJ

DISTRICT COUNCIL

29 MAY 2017

DC 171/05/17

**REPORT ON THE EXTENSION OF THE EMPLOYMENT CONTRACT OF
THE EXECUTIVE MANAGER COMMUNITY SERVICES / VERSLAG
RAKENDE DIE VERLENGING VAN DIE DIENSKONTRAK VAN DIE
UITVOERENDE BESTUURDER GEMEENSKAPSDIENSTE / INGXELO
NGOKANDISWA KWESIVUMELWANO SENGQESHO SOMPHATHI
OYINTLOKO WENKONZO ZOLUNTU (582786)**

(5/3)

17 May 2017

**REPORT FROM THE EXECUTIVE MANAGER CORPORATE / STRATEGIC
SERVICES (B HOLTZHAUSEN)**

PURPOSE OF THE REPORT

The purpose of this report is to obtain approval from Council to extend the existing contract of the Executive Manager: Community Services to 30 June 2017.

BACKGROUND

Section 56(1)(c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) reads as follows:

"A Person appointed in terms of paragraph (a)(ii) may not be appointed to act for a period that exceeds three months: Provided that a municipal council may, in special circumstances and on good cause shown, apply in writing to the MEC for local government to extend the period of appointment contemplated in paragraph (a), for a further period that does not exceed three months".

At a Special Council Meeting dated 24 April 2017, a resolution was adopted to advertise the position of the Executive Manager Community Services once it becomes vacant, as a permanent position.

An advertisement was placed in the Saturday Argus on the 6th of May 2017 and in the Sunday Times on the 7th of May 2017 with the closing date 22 May 2017. The Advertisement was signed off by the Municipal Manager and the Executive Mayor.

Quotations were sourced for service providers to assist with the Recruitment and Selection process for the abovementioned position.

3. Sesokuba isicelo sokwandiswa kwesivumelwano sika Mnu C Africa sithunyelwe kuMphathiswa njengoko kuphawulwe kuMhlathi 56(1)(c) Womthetho Wenkqubo.

APPENDIX

Annexure "A"	Council Resolution DC 152/04/17
Annexure "B"	The Advertisement
Annexure "C"	The appointment of the Service Provider

Trix Holtzhausen

Annexure A

From: Daphne October
Sent: 17 May 2017 11:59 AM
To: Trix Holtzhausen

Special Council dated 24 April 2017

DC 152/04/17	<u>EMPLOYMENT CONTRACTS OF EXECUTIVE</u>
<u>MANAGER:</u>	<u>COMMUNITY SERVICES AND EXECUTIVE</u>
<u>MANAGER:</u>	<u>COPROBATE/STRATEGIC SERVICES /</u>
<u>DIENSKONTRAKTE VAN DIE</u>	<u>UITVOERENDE BESTUURDER:</u>
<u>GEMEENSKAPSDIENSTE EN DIE</u>	<u>UITVOERENDE BESTUURDER:</u>
<u>KORPORATIEWE/STRATEGIESE</u>	<u>DIENSTE / ISIVUMELWANO</u>
<u>SENGQESHO SOMPATI OYINTLOKO:</u>	<u>INKONZO ZOLUNTU</u>
<u>KUMYE MOMPATI OYINTLOKO: INKONZO</u>	<u>ZOLAWULO KUNYE</u>
<u>NOBUCHULE (577378)</u>	

.Refer: Report (SP)(9/3/4) dated 18 April 2017 from the Executive Manager Corporate/Strategic Services / Manager Legal Services (N Davids)(p 27 – 37)

Proposed by Cllr BHJ Groenewald and seconded by Cllr RH Ruiters, it was

RESOLVED

1. That Council takes note of the opinion received from the Minister's office.
2. That approval be granted to advertise the positions of the Executive Manager: Community Services and Executive Manager: Corporate & Strategic Services once it becomes vacant, as permanent positions.
3. That the Executive Mayor in consultation with the Municipal Manager finally approves the advertisement before placing.
4. That the Municipal Manager adhere to the provisions of Regulation 10 of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers by advertising the post within fourteen (14) days of receipt of the approval.
5. That Council appoint a selection panel to make recommendations for the appointment of candidates to vacant senior manager positions, which panel must consist of the Municipal Manager, who will be the chairperson, a member of the Mayoral Committee or Councillor who is the portfolio head of the relevant portfolio and at least one other person, who is not a Councillor or a staff member of the municipality and who has expertise or experience in the area of the advertised post.
6. That the Accounting Officer be authorized to appoint a service provider to assist the panel in the recruitment and selection process.

Daphne October
Chief Administration Officer
 Support Services

(w) 044 803 1410 (c) 083 642 3023 (f) 044 873 4670

VACANCY

*Eden, a future empowered
through excellence*



Amoxerel B

Eden District Municipality is situated in George and serves the people in the Southern Cape and Little Karoo. Eden District Municipality seeks to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by:

- Ensuring integrated development planning
- Promoting bulk infrastructure development
- Building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking
- Promoting the equitable distribution of resources between local municipalities in its area to ensure appropriate levels of municipal services.

EXECUTIVE MANAGER: COMMUNITY SERVICES

(GEORGE: PERMANENT POSITION)

Salary: Negotiable

Minimum requirements: B degree in Social Science / Public Administration / Law / or equivalent

- At least 5 years' experience at senior management level
- Must have proven record of successful institutional transformation within the public or private sector
- Competencies as set out in the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, GNR 21 GG 37245 dated 17 January 2014
- Compliance in terms of the Financial and Supply Chain Management Competency areas in terms of Government Notice R493 as published in the Government Gazette no 29867 of 15 June 2007 (Municipalities were granted exemption from regulations 15 and 18 of Government Gazette 29867 under Notice No. 40593 of 3 February 2017, subject to conditions of compliance with Minimum Competency levels within 18 months of date of employment)
- Good knowledge and understanding of relevant policies and legislation
- Excellent facilitation and communication skills in at least two of the three official languages of the Western Cape
- Good computer skills
- A Code B driver's licence
- Own transport.

Duties: Strategically manage the Community Services Department, inclusive of Health and Environmental Services, Disaster Management and Call Centre Management, Bulk Infrastructure, Property Management Maintenance and Resorts, Spatial Development Framework (SDF), Fire Rescue and Fleet Management Services and EPWP Contracts and Employments

- Align the strategic function of the Community Services Department with the strategic objectives as set out by Council and the IDP
- Liaise with the Senior Management Team regarding the research, development and implementation of strategic policies and the development of community-based initiatives
- Make recommendations on ways and means to improve service delivery and governance by means of a strategic approach, implementation of the concept of development in Local Government and work procedures, processes and systems and policies to implement the IDP, SDF and Performance Management Systems (PMS)
- Carry out research and advise the MANCOM and Council regarding policy / programmes and directions
- Prepare reports with recommendations to the Executive Mayor / Committees / Council and Senior Management
- Manage the budget input and compilation pertaining to all sub-sections in the Department, including capital projects and initiatives
- Make provision in the budget for matters such as goals, status and movements in operating revenue and expenditure for the Directorate
- Manage and control the strategic directorate processes and procedures that will ensure the effective and efficient control and management of budget-related policies and tariffs
- Compile the annual budget and make provisions for major projects and community initiatives
- Ensure that all contract and tender conditions are met by the service provider
- Ensure that the administrative processes are followed and reporting is done as required
- Represent Council on public forums as directed by Municipal Manager
- Compile progress and informative reports and submission to the MANCOM and Council Committees
- Manage and monitor the establishment and implementation of effective, efficient and transparent systems of financial management, risk management and internal controls.

Probation period: 6 months

Benefits:

- Subsidised housing, medical, pension and group insurance schemes.
- Optional membership of major medical expenses plan.
- Generous vacation and sick leave benefits plus a bonus equivalent to one month's salary.
- Five-day working week.
- Furniture removal cost is payable by Council, subject to certain conditions.

Please note:

1. The Municipality reserves the right not to make an appointment.
2. It would be expected of candidates to be subjected to thorough evaluations. References will be contacted. Verification will be done on his/her qualification, criminal and credit record. Candidates will be required to disclose all financial interests. Original qualification certificates must be produced at any resultant interviews.
3. Applications must be complete, including a detailed CV, certified copies of qualifications, identity document, driver's licence and the names of three references from current and previous employers and a fully completed application form, which is available from the municipal website www.edendm.co.za or the Human Resources Department. Incomplete applications will not be considered.
4. Applications must be sent to the following address: Registration Section, PO Box 12, George 6530 or e-mail: Records@edendm.co.za or fax 086 555 6303
5. The successful applicant will be stationed in George and his/her appointment is subject to the following:
 - signing of an employment contract and a performance agreement
 - disclosure of financial interest
 - security vetting.

Contact Person: Mr Alvin Botha on 044 803 1389.

Please Note:

- No late applications will be considered
- If you have not heard from us within 30 days of the closing date, please accept that your application has been unsuccessful
- Candidates wishing to have their CVs returned should provide a self-addressed envelope with the required postage stamps
- Canvassing with Councillors or any other decision-maker is not permitted and proof thereof will result in disqualification
- Fraudulent qualifications or documentation will immediately disqualify any applicant.

Closing date: Monday, 22 May 2017

Notice no: 32/2017

**MG STRATU
MUNICIPAL MANAGER**

MEMORANDUM

Annexure C

**KANTOOR VAN DIE UITVOERENDE BESTUURDER KORPORATIEWE DIENSTE
OFFICE OF THE EXECUTIVE MANAGER CORPORATE & STRATEGIC SERVICES**

NAVRAE: ENQUIRIES:	T Holtzhausen
VERW: REF:	9/3/4/3
KANTOOR: OFFICES:	George
DATUM: DATE:	11 May 2017
AAN: TO:	The Municipal Manager
VAN: FROM:	Executive Manager: Corporate/Strategic Services
AFSKRIF COPY	Records
INSAKE: REGARDING:	APPOINTMENT OF SERVICE PROVIDERS FOR THE FILLING OF THE EXECUTIVE MANAGER: COMMUNITY SERVICES

PURPOSE

The purpose is to obtain approval for the appointment of a service provider to execute the selection process of the abovementioned position.

BACKGROUND

At a Special Council Meeting dated 24 April 2017, Council approved that the recruitment and selection process for the filling of the post of the Executive Manager: Community Services can commence.

An advert was drafted based on the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) and submitted, which will be published on 6 May 2017 in the Saturday Argus and on 7 May 2017 in the Sunday Times. The closing date is Monday, 22 May 2017. The placement of the advert is in line with the Regulations as provided by Provincial Government (14 days after approval of Council).

Quotations were sourced based on current similar processes and neighbouring B-municipalities in the Eden District (Mossel Bay, George and Oudtshoorn). Three (3) quotations were received, namely:

1. Work Dynamics
Total cost R7224.00 – excludes travelling and accommodation of R1 000,00 per night
2. Riël Hugo & Associates Industrial Psychologists
Total cost R29 362 – excludes accommodation and vetting

3. Roy Steele & Associates

Total cost

R28 500 – includes information session with the selection panel; preparing report to the MEC; preparing report to Council; negotiate the employment contract, etc. which is not included by the other service providers. This quotation excludes accommodation (R850) and travelling

After consultation with the Municipal Manager, it was agreed that the preferred service provider would be Roy Steele & Associates.

The service provider will proceed with the selection process in total until the appointment and finalization of the employment contract.

RECOMMENDATION

That the appointment of Roy Steele & Associates be approved and the necessary instruction be issued to proceed with the process.


B HOLTZHAUSEN**EXECUTIVE MANAGER: CORPORATE & STRATEGIC SERVICES****APPROVED: YES / NO**

M STRATU
MUNICIPAL MANAGER

 15/5/17
 DATE

DISTRICT COUNCIL

29 MAY 2017

DC 172/05/17

**APPOINTMENT OF CHAIRPERSONS: SECTION 79 COMMITTEES
 AANSTELLING VAN VOORSITTERS: ARTIKEL 79 KOMITEES /
 INGXELO NGOKUCHONGWA KOSIHLALO: IIKOMITI ZOMHLATHI 79
 (583628)**

(13/R/133)

15 May 2017

REPORT FROM MUNICIPAL MANAGER (MG STRATU)**PURPOSE OF THE REPORT**

The purpose of the report is to inform council about the need to appoint chairpersons for the Section 79 committees.

BACKGROUND / DISCUSSION

Section 8 of Notice on the Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils, determines the remuneration packages of **part-time** councillors if such a councillor is a chairperson of a section 79 committee.

The determination of section 8 of the said notice, does not affect the remuneration packages if a Section 9 committee is chaired by a full-time councillor.

Council has restructured its committees at a meeting held on 31 March 2017 (Resolution DC 127/03/17) and must appoint chairpersons for the Training and Development and Health and Safety Committees.

The following councillors were appointed to serve on these committees:

Training and Development: Cllr RE Spies
 Cllr RGS Figland
 Cllr S de Vries

Cllr S de Vries was nominated to serve as the chairperson of the Training and Development Committee at their meeting held on 22 February 2017.

Health and Safety: Cllr TA Simmers
Cllr D Saayman
Cllr NF Kamte
Cllr V Gericke

Cllr V Gericke was nominated to serve as the chairperson of the Health and Safety Committee at their meeting held on 22 March 2017.

According to section 79(2)(c) of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) a chairperson of a section 79 Committee must be appointed by council.

Section 79 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) reads as follows:

- (1) *"A municipal council may –*
 - (a) establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers;*
 - (b) appoint the members of such a committee from among its members; and*
 - (c) dissolve a committee at any time.*
- (2) *The municipal council –*
 - (a) must determine the functions of a committee;*
 - (b) may delegate duties and powers to it in terms of Section 32;*
 - (c) must appoint the chairperson;*
 - (d) may authorize a committee to co-opt advisory members who are not members of the council within the limits determined by the council;*
 - (e) may remove a member of a committee at any time; and*
 - (f) may determine a committee's procedure."*

FINANCIAL IMPLICATIONS

Payment of subsistence and travelling claims.
Remuneration for part-time councillors serving as chairpersons of Section 79 committees.

RELEVANT LEGISLATION

Section 79(2)(c) of the Local Government Municipal Structures Act, 117 of 1998
Section 9 of the Remuneration of Public Office Bearers Act, 1998 Act 20 of 1998

UITVOERENDE OPSOMMING

Die kennisgewing met betrekking tot die salarisse en vergoeding van raadslede, bepaal die vergoeding van deeltydse raadslede wat as voorsitter van Artikel 79 komitees dien.

Ingevolge die bepalings van artikel 79(2)(c) van die Strukturewet, is dit slegs die raad wat die bevoegdheid het om voorsitters van Artikel 79 komitees aan te stel.

Tydens die herstrukturerings van sy komitees, het die raad op 31 Maart 2017 lede van die Gesondheid- en Veiligheid- asook die Opleiding en Ontwikkelingskomitees aangewys.

Hierdie onderskeie komitees het tydens hulle vergaderings gedurende 22 Februarie 2017 en 22 Maart 2017 onderskeidelik die volgende lede as voorsitters van die volgende komitees genomineer:

Gesondheid- en Veiligheidskomitee	:	Rdl V Gericke
Opleidings- en Ontwikkelingskomitee	:	Rdl S de Vries

Die vergoeding van voltydse raadslede word nie deur die bepalings van bogenoemde wetgewing geraak nie.

RECOMMENDATION

1. That members be nominated to serve as chairpersons of the Health and Safety and Training and Development Committees
2. That such members nominated, be appointed as chairpersons of the Health and Safety and Training and Development Committees as set out in Section 79(2)(c) of the Structures Act.

AANBEVELING

1. *Dat lede genomineer word om as voorsitters van die die Gesondheid- en Veiligheid sowel as die Opleiding- en Ontwikkelingskomitees te dien.*
2. *Dat genoemde lede wat genomineer is, aangestel word as voorsitters van die Gesondheid- en Veiligheid sowel as die Opleiding- en Ontwikkelingskomitees.*

ISINDULULO

1. Sesokuba amalungu achongelwe ukuba ngoosihlalo beKomiti Yezempilo kunye Nokhuseleko kunye Noqeqesho kunye Nophuhliso.
2. Sesokuba amalunga anjalo, achongwe njengosihlalo we Komiti Yezempilo kunye Nokhuseleko kunye Noqeqesho kunye Nophuhliso bachongwe njengokuphawulwe ku Mhlathi 79(2) (c) Womthetho Wezolawulo.

DISTRICT COUNCIL

29 MAY 2017

DC 173/05/17

**REPORT ON POLICY FOR COUNCILLOR SKILLS DEVELOPMENT AND
TRAINING / *VERSLAG RAKENDE 'N BELEID VIR VAARDIGHEIDS
ONTWIKKELING EN OPLEIDING VIR RAADSLEDE* / INGXELO
NGOMGAQO WEZOPHUHLISO LWEZAKHONO ZOCEBA KUNYE
NOQEQESHO (582935)**

(9/3/5/3)

18 May 2017

**REPORT FROM THE EXECUTIVE MANAGER: CORPORATE/STRATEGIC
SERVICES (B HOLTZHAUSEN): ASSISTANT HUMAN RESOURCES MANAGER (C
SCHEEPERS)**

PURPOSE OF THE REPORT

The purpose of the report is to request Council to approve the Policy for Councillor Skills Development and Training.

BACKGROUND

In previous meetings the need for councillor training was identified and agreed that a policy be developed to give effect to the provision made in Upper Limits for salaries of Councillors, insofar as it relates to Councillor Capacity Building and Training.

Clause 15 of the Upper Limit Notice (2017/2018) provides for Councillor Capacity Building initiatives directed at Councillors.

The proposed policy sets out the scope and procedures to be undertaken in order to identify councillor skills development and training needs and suitable capacity building and training courses to address those needs.

FINANCIAL IMPLICATION

As per allocated budget for training.

RELEVANT LEGISLATION/POLICY

Remuneration of Public Office Bearers Act, 1998, Act 20 of 1998
Determination of Upper limits of salaries, allowances and benefits for members of a
Municipal Council

Skills Development Act 81 of 1998
 Skills Development Levy Act 28 of 1999;
 SAQA Act 58 of 1995
 NQF Act 68 of 2008

UITVOERENDE OPSOMMING

Die doel van die verslag is om 'n beleid saam te stel wat die opleiding en vaardigheids ontwikkeling van raadslede aanspreek.

RECOMMENDATION

That Council approves the Policy for Councillor Skills Development and Training.

AANBEVELING

Dat die Raad die Beleid vir Vaardigheids Ontwikkeling en Opleiding vir Raadslede goedkeur.

ISINDULULO

Sesokuba iBhunga liphumeze uMgaqo Wokuphuhliza Izakhono Zoceba kunye Noqeqesho.



EDEN

DISTRICT MUNICIPALITY
UMASIPALA WESITHILI
DISTRIKSMUNISIPALITEIT

COUNCILLOR SKILLS DEVELOPMENT AND TRAINING POLICY

1. Name

The name of the policy is the Councillors Skills Development and Training Policy.

2. Purpose

To provide a framework to implement Eden District Municipality strategies to develop and improve the skills of Councillors and to provide for matters connected therewith.

3. Legislative Framework

3.1 Remuneration of Public Office Bearers Act 20, 1998

3.2 Determination of Upper Limits of salaries, allowances & benefits of members of Municipal Councils

3.3 Skills Development Act, No 97 of 1998

3.4 Skills Development Levy Act, No 9 of 1999

3.5 Municipal Finance Management Act (MFMA), No 56 of 2003

3.6 South African Qualification Act (SAQA), No 58 of 1995

4. Definitions

Eden DM	- Eden District Municipality
SDT	- Skills Development and Training
NQF	- National Qualification Framework
SALGA	- South African Local Government Association
DLG	- Department of Local Government
COGTA	- Cooperative Governance and Traditional Affairs

5. Scope

The policy is applicable to all Councillors of Eden District Municipality.

6. Policy Objectives

6.1. To ensure that Councillors skills development ultimately provides effective, efficient and cost effective service delivery;

6.2. To promote skills development as a strategic output to ensure that Councillors are professional, productive and competent in the execution of their tasks;

6.3. To ensure that Councillors skills capacity are continuously improved.

6.4. To promote an integrated strategic approach in addressing the capacity building, education, training and development needs of Councillors

- 6.5. Facilitate access to training which ensures mobility and progression with individual career path as identified in the Councillors Personal Development Plan.
- 6.6. Create a culture of life-long learning
- 6.7. To address soft-skills development as identified by any political structure and/or political office bearer

7. Skills Development and Training (SDT) Principles

Eden DM will promote the following principles to achieve the objectives of this policy:

- 7.1. Continuous career pathing and development towards improving performance and service delivery of EDEN DM.
- 7.2. Internal and external stakeholder collaboration for the objectives in this policy
- 7.3. The alignment of SDT interventions to the strategic objectives of the municipality;
- 7.4. The alignment of the council's SDT with legislative framework;
- 7.5. An integrated approach towards outcome orientated activities
- 7.6. Individual assessment of competencies and potential

8. Procedure for Skills Plan

The following steps must be followed under the political guidance of the Speaker annually:

- 8.1 Councillors Individual Development Plans to be completed and updated annually
- 8.2 Prepare a skills gap analysis annually
- 8.3 All training completed and required to be included in the Work Skills Plan

The speaker must annual submit:

- 8.4 an annual plan to the council on identified skills development areas
- 8.5 an annual report to be submitted to council

9 Application Process

9.1 Councilors will apply to Speaker office to enroll for course/programmes

9.2 Applications will be made on a prescribe form

9.3 the closing date for applications is 31st October

10 Approval Process & Criteria

10.1 The Training & Development Committee will annually make recommendations to the Speaker for non-sponsored training (SALGA, DLG, COGTA) for approval.

10.2 The Speaker must furnish the Municipal Council with reasonable explanation for deviation from the recommendations of Training and Development Committee

10.3 Applications will be considered and measured against the following criteria:

- **Priority 1: Councillors who are receiving financial assistance and must complete their studies**
- **Priority 2: Courses that are within WSP or PDP**
- **Priority 3: Councillors who wants obtain a qualification in order to meet the performance requirements of their portfolios they serve.**
- **Priority 4: Councillors who want to study towards their first qualification up to NQF level 7 (in a priority order).**

10.4 Approvals is subject to budgetary provision

10.5 Recommendations of the applications will be approved by the training development committee and the speaker

11 Training Courses/ Programmes

Training courses/ programmes includes, but not limited to:

- 11.1 goal-orientated training courses;**
- 11.2 learnerships, mentorships and career counselling sessions specifically aimed at local government;**
- 11.3 formal development programmes leading to recognised qualifications by SAQA.**

11.4 ABET

11.5 Councillors Induction Programmes

11.6 Portfolio Specific Training Programmes

11.7 ODETDP

11.8 Executive Development Leadership Programme (EDLP)

11.9 Municipal Minimum Competence (MMC)

11.10 Training Programmes of SALGA/ COGTA/ WCDLG

11.11 Accredited Training till NQ7 level

11.12 Conferences, workshops, symposia, seminars

12 Budget

The Municipal Council must make budgetary provision for skills development and training for councillors

13 Effective date of policy

This policy shall take effect on the date of approval thereof by resolution of the council.

MAYORAL COMMITTEE

22 MAY 2017

DISTRICT COUNCIL

29 MAY 2017

DC 174/05/17

**PROGRESS REPORT REGARDING THE IMPLEMENTATION OF THE
MUNICIPAL STANDARD CHART OF ACCOUNTANTS (MSCOA) /
VORDERINGSVERSLAG OOR DIE IMPLEMENTERING VAN DIE
“STANDARD CHART OF ACCOUNTANTS (MSCOA) INGXELO
NGOKUMISELWA KOLUHLU LWENCWADI EZIFANELEKILEYO
ZOMASIPALA(MSCOA) (580410)**

(7/2/2/6)

05 May 2017

**REPORT FROM THE EXECUTIVE MANAGER: CORPORATE / STRATEGIC
SERVICES (B HOLTZHAUSEN) / MSCOA PROJECT TEAM LEADER (R ALBERTS)**

PURPOSE OF THE REPORT

The purpose of this report is to inform council regarding the progress on the implementation of the Municipal Standard Chart of Accounts (mSCOA) including all relevant information and a detailed financial implication as requested at a special Council meeting held on 24 April 2017.

BACKGROUND

At a special Council meeting held on 24 April 2017 it was resolved as follows:

1. That the report be noted.
2. That monthly reports be submitted to the Financial Services Committee.
3. That a comprehensive report with all relevant information and detailed financial implications be submitted to the next Council meeting.

Introduction:

The Municipal Regulations on a Standard Chart of Accounts, 2014 (mSCOA), requires a significant change in municipal business processes. Consequently, mSCOA implementation involves system conversion and/ or re-implementation with all the typical risks associated with any system conversion or implementation

Implementing mSCOA therefore requires organisational change across the municipality since not only financial and budget orientated practitioners are involved.

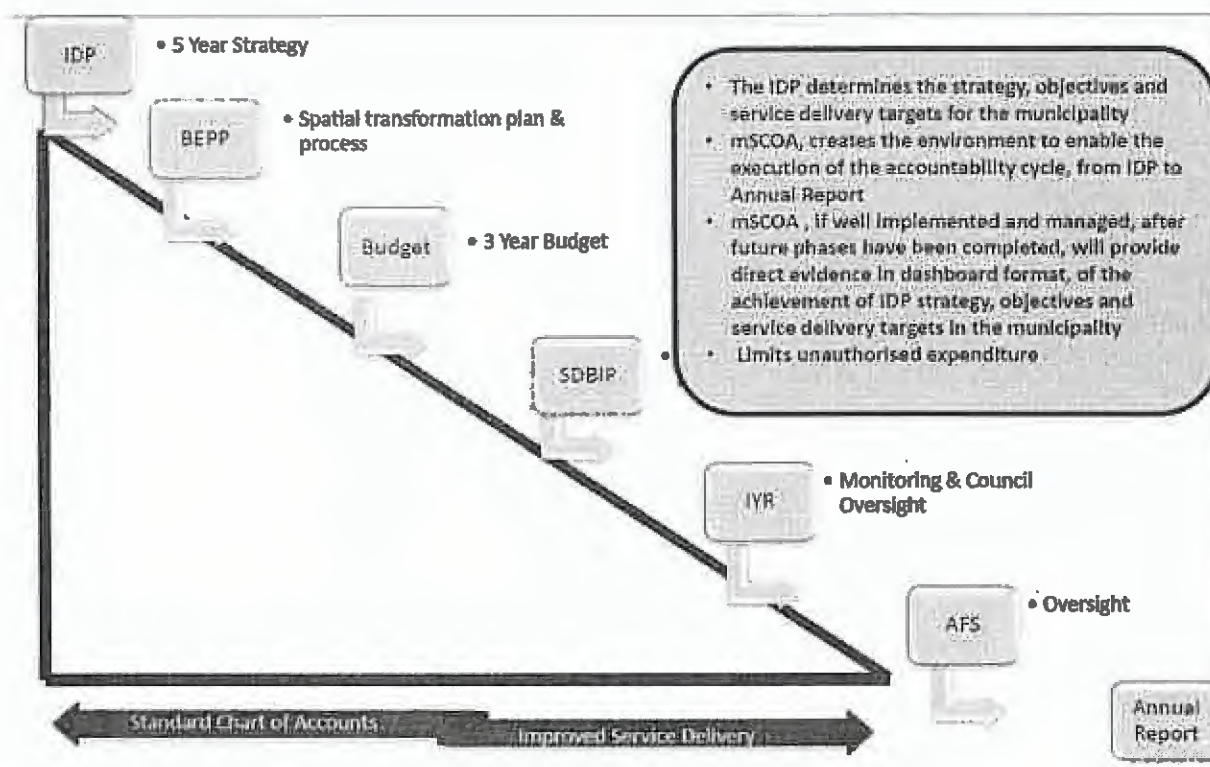
A common misconception among municipalities and other stakeholders relates to the fact that mSCOA Regulation is perceived to be a finance reform only, an extremely dangerous assumption.

Legislative Mandate:

Section 216 of the Constitution of the Republic of South Africa (Act 108 of 1996, substituted by section 1(1) of Act 5 of 2005) deals with treasury control and determines that national legislation must establish a national treasury and prescribe measures to ensure both transparency and expenditure control in each sphere of government, by introducing generally recognised accounting practices, uniform expenditure classifications and uniform treasury norms and standards.

Section 168(1) of the MFMA, determines that the Minister, acting with the concurrence of the Cabinet member responsible for local government, may make regulations or guidelines applicable to municipalities and municipal entities, regarding any matter that may be prescribed in terms of the Act. In this context "the Minister" means the Cabinet minister responsible for finance.

Local Government Accountability Cycle:



Progress to date:

A letter was drafted and send to Provincial and National Treasury on 21 April 2017 soliciting their comments on the decision made to change financial systems. This was done in accordance to the requirement in TREASURY CIRCULAR MUN NO. 25/2016. To date no response have been received yet.

Eden District Municipality is currently in negotiations with Vesta Technical Services (Pty) Ltd regarding a mutually agreed Master Service Level Agreement (MSLA). Due diligence needs to be followed regarding the Supply Chain Management procedures. Vesta Technical Services (Pty) Ltd has issued a letter of commitment and will be working at risk until the formal MSLA is signed by both parties (annexure a).

A project inception meeting with Vesta Technical Services (Pty) Ltd was held on Tuesday 02 May 2017 at the offices of Eden District Municipality. Vesta Technical Services (Pty) Ltd prepared a detailed project plan (annexure b) and high level milestones are the following:

Name	Planned Start Date	Planned End Date	Planned duration (Days)
Project Initiation	02/05/2017	19/05/2017	14
Project Planning	08/05/2017	31/08/2017	84
Project Execution	30/06/2017	30/06/2020	822
Project Closure	22/08/2017	01/09/2017	9

The risk register was updated in accordance with the new timelines. At this stage the top risk identified is the time available to reach the National Treasury deadline of 01 July 2017 given the late change to a new system. The fact that EdenDM is changing the financial system completely also brings risks of change management, training and user resistance (annexure c).

FINANCIAL IMPLICATIONS

Current budget is adequate.

Project Implementation Costs:

SUMMARY SHEET - ONSITE VESTA	TOTAL IN ZAR (Inclusive of VAT)
Hardware requirement	90,000
Once off License fee	592,895
Annual maintenance fee - Year 1	456,596
Annual maintenance fee - Year 2	596,617
Annual maintenance fee - Year 3	641,202
Annual service fee - Year 1	310,926
Annual service fee - Year 2	334,257

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Annual service fee - Year 2	334,257

Annual service fee - Year 3	363,384
After Implementation - Year 1	280,878
After Implementation - Year 2	300,066
After Implementation - Year 3	320,371
Status assessment cost	66,141
Change management cost	346,498
Requirement assessment	55,693
Customise and setup	413,720
Testing	74,268
Training	796,222
Hand-holding	647,348
CATEGORY C1 - ONSITE	6,685,082

SUMMARY SHEET - ONSITE VESTA Subsistence and Travel	TOTAL IN ZAR (inclusive of VAT)
2016/17 Financial Year	150,000
2017/18 Financial Year	150,000
CATEGORY C1 - ONSITE	300,000

SUMMARY SHEET - ONSITE PAYDAY Integration	TOTAL IN ZAR (inclusive of VAT)
Technology Upgrade	66,537
1st Consultation	33,972
2nd Consultation	33,972
3rd Consultation	33,972
CATEGORY C1 - ONSITE	168,453

Total Project Cost: R 7 153 535.00

Project Cash Flow Projections:

Total project cost including Payday and Collaborator			
Current Financial Year	Project Costs	Available Budget	Surplus/Deficit
	1,867,278	1,883,244	15,966

2017/2018 Financial Year	Project Costs	Available Budget	Surplus/Deficit
	2,342,106	2,390,422	48,316
2018/2019 Financial Year	Project Costs	Available Budget	Surplus/Deficit
	1,410,519	4,108,465	2,697,946
2019/2020 Financial Year	Project Costs	Available Budget	Surplus/Deficit
	1,533,630	1,532,911	(719)
Totals	7,153,533	9,915,042	2,761,509

RELEVANT LEGISLATION

Municipal Finance Management Act 56 of 2003
Municipal Standard Chart of Account Regulations
Section 216 of the Constitution of RSA, Act 108 of 1996

UITVOERENDE OPSOMMING

Eden Distriksmunisipaliteit het Vesta Technical Services (Pty) Ltd aangestel om die huidige finansiële stelsel op te gradeer om mSCOA regulasies na te kom. Eden Distrik Munisipaliteit is tans in gesprekvoering met Vesta Technical Services (Pty) Ltd vir die ondertekening van 'n Meester Diens Leweringsooreenkoms. Daar word egter gewag vir Nasional Tesourie se kommentaar voordat die formele verkrygings proses kan begin.

RECOMMENDATION

That the content of the report be noted.

AANBEVELING

Dat kennis geneem word van die inhoud van die verslag.

ISINDULULO

Sesokuba umongo wengxelo uthathelwe ingqalelo.

ANNEXURE A

Copy of email from National- and Provincial Treasury dated 12 May 2017.

ANNEXURE B

Letter from the Office of the Chief Procurement Officer (OCPO) dated 15 May 2017.

ANNEXURE C

mSCOA Risk Register.

ANNEXURE D

Letter by Vesta Technical Services (Pty) Ltd.

ANNEXURE E

Project plan for mSCOA implementation.

Annexure A

Margaret Powell

From: Donovan Stuurman [Donovan.Stuurman@westerncape.gov.za]
Sent: 12 May 2017 07:31 AM
To: Una Rautenbach
Cc: Templeton Phogole; Rhyn Alberts
Subject: RE: Annexure D - ICT Due Diligence Recommendation

Hi Una

Thanks for the feedback. Maybe should engage the OCPO's office on behalf of all the affected municipalities and give a blanket response from the OCPO's office. Please advise how you want to proceed.

Regards
 Donovan

From: Una Rautenbach [mailto:Una.Rautenbach@treasury.gov.za]
Sent: 11 May 2017 05:15 PM
To: Donovan Stuurman
Cc: Templeton Phogole
Subject: RE: Annexure D - ICT Due Diligence Recommendation

Hi Donovan

We have looked at the request and is satisfied that the necessary processes were followed. Formal letter must be signed off by Jan and this will in all probability happen tomorrow afternoon (after the Cape Town budget engagement and should forwarded to the municipality by Monday. We will copy you on the response to the municipality. The next steps in the process will be to obtain council approval for the system change, liaise with National Treasury's OCPO to obtain approval to use the transversal tender for the appointment and issue an appointment letter to the preferred bidder. The municipality should maybe start preparing the documentation for these final steps while they wait for our letter.

Regards
 Una

From: Donovan Stuurman [mailto:Donovan.Stuurman@westerncape.gov.za]
Sent: Thursday, 11 May 2017 11:37 AM
To: LG SCOA <LG.SCOA@treasury.gov.za>
Cc: Una Rautenbach <Una.Rautenbach@treasury.gov.za>; Templeton Phogole <Templeton.Phogole@treasury.gov.za>; Pierre (pgerrits1@gmail.com) <pgerrits1@gmail.com>; 'ronnie page' <ronniepage@axxess.co.za> (ronniepage@axxess.co.za) <ronniepage@axxess.co.za>; Elsabe Rossouw <Elsabe.Rossouw@treasury.gov.za>; Margaret Powell (Margaret@edendm.co.za) <Margaret@edendm.co.za>; Rhyn Alberts (Rhyn@edendm.co.za) <Rhyn@edendm.co.za>
Subject: FW: Annexure D - ICT Due Diligence Recommendation

Hi

Further information received from Eden Municipality.

Please advise when we can expect the response from NT.

Regards
 Donovan

From: Margaret Powell [<mailto:Margaret@edendm.gov.za>]
Sent: 11 May 2017 08:58 AM
To: Donovan Stuurman
Cc: Rhyn Alberts
Subject: Annexure D - ICT Due Dillgence Recommendation

Hi Donovan,

Please find attached, the abovementioned annexure for your attention.

Kind regards

Margaret Powell

Systems Controller (Operations & Support): ICT
 Eden District Municipality - Corporate Services
 (t) 044 803 1409

Website: www.edendm.co.za **Facebook:** [Click here to visit our fanpage](#)
Address: Head Office: 54 York Street, George, 6529, Western Cape, South Africa
Postal Address: P.O. Box 12, George, Western Cape, South Africa, 6530

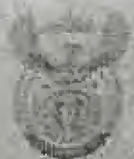


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Annexure B

ATTENTION: ACTING MUNICIPAL MANAGER
Eden District Municipality
54 York Street
George
6529
Tel: (044) 803 1572
Email: rhyn.edendm@gov.za

Dear Mr. C. Africa

SUBJECT: RT25-2016 - THE APPOINTMENT OF SERVICE PROVIDERS FOR AN INTEGRATED FINANCIAL MANAGEMENT AND INTERNAL CONTROL SYSTEM FOR LOCAL GOVERNMENT FOR THE PERIOD 1 JUNE 2016 TO 31 MAY 2019

Your letter dated 12 May 2017 has reference.

Please be informed that your request to participate in the above mentioned contract has been accepted with effect from 15 May 2017.

It has been noted on your letter that your Municipality has identified Vesta Technical Services (Pty) Ltd (Phoenix) as a preferred service provider as awarded on RT25-2015 contract. You are further requested to ensure that you have met the requirements of the Municipal SCOA Circular No 5 and also refer to Municipal SCOA Circular No 6 for the implementation and its annexures on how to utilize this contract. Kindly ensure that the price quote from the service provider is in line with the contracted prices before entering into the service level agreement.

Kindly note that the contract circular documentation and its amendment can also be accessed via our website www.treasury.gov.za/transversal/contracts/RT25-2016 and the full details of prices for the selected service provider as awarded is attached together with the technical specification.

Yours faithfully

KWANELE MTEMBU
for CHIEF DIRECTOR: TRANSVERSAL CONTRACTING

Date: 15 / 05 / 2017

Risk Name	Cause of Risk	Consequences	Impact	Likelihood	Inherent Risk	Current controls	Control Effectiveness	Risk Rating	Action Owner	Actions to improve management of the risk	Risk Owner	Time scale
1 Non-compliance with mSCOA	Continuation of G&P and mSCOA implementation. Lack of implementation plan with clearly defined deliverables and milestones. Limited resources available from suppliers. Compatibility of current systems regarding integration possibilities. Lack of testing of systems and integration before going live. Over reliance on service providers.	Unsuccessful implementation of mSCOA. Potential Qualified audit opinion. Non-compliance with legislative requirements.	Significant	Possible	Active	Partner with Service Provider. Refer to National Treasury guidelines and develop. Comprehensive testing plan on business processes, provide. Comprehensive management as well as a clear understanding of the mSCOA process.	Moderate	High	mSCOA Steering Committee	Detailed Project Plan kept updated on weekly basis to measure progress against milestones with J&P and G&P. Appointed an In-house Project Manager. Negotiate a signed SLA.	Sir Management Council	Jan-17
2 Human Resource Capacity constraints.	Lack of skilled resources and general capacity. User resistance to change.	Inefficiencies. Lack of accountability. Adherence to service providers. Significant reliance on service providers to assist in the conversion process.	Significant	Probable	Active	Effective human resource and project management. External Resources	Moderate	High	mSCOA Steering Committee. Sir Management Council	Detailed Project Plan kept updated on weekly basis to measure progress against milestones. Regular Streamlined meetings and updates. "Bottom up" approach regarding mSCOA due diligence and Requirement assessment. PM resources allocated. Considerable	Sir Management Council	Continuous
3 Change Management Process	Communication unclear and not confined with clear written instructions. Resistance to change management by management. Project Plan not communicated to all stakeholders. mSCOA knowledge of the organisation is limited. Low priority given to business solution. Lack of clear formalised terms of reference.	Not reaching mSCOA targets. Implementation date milestones. mSCOA project implementation green down. Risk of accountability. Roles and responsibilities not clearly defined.	Significant	Probable	Active	Effective PMU reporting regularly to the mSCOA Steering Committee. Identify and appoint Stream Leads.	Average	High	mSCOA Steering Committee. Stream Leads. External Leadership.	Detailed Project Plan kept updated on weekly basis to measure progress against milestones. Regular Streamlined meetings and updates. "Bottom up" approach regarding mSCOA due diligence and Requirement assessment. Change Management process part of project plan.	mSCOA Project Manager HR Manager	May-17
4 Inadequate and unreliable Project Plan.	Late change of service provider. MOC and SLA not in place. Supplier services not aligned to mSCOA segments. Supplier services availability. External resources availability. Integration problems. Next attendance of meetings. Lack of TIME	Project deliverables may be impacted. mSCOA deadline not met. Data integrity and confidentiality compromised. Potential interruption of business processes and service delivery. Unknown stakeholder dependencies. Unsuccessful system changes and hardware change management. Not enough time to become compliant.	Severe/Major	Probable	Active	Due diligence process in conjunction with PT and NT	Below Average	High	mSCOA Steering Committee. Vendor	Due diligence assessment with a requirement assessment. MOC and SLA to be signed with service providers. Approved and approved project plan with client. Specific Milestones. Approval Upon Receipt. Time related objectives.	mSCOA Project Manager	May-17
5 Inadequate Budget	Insufficient capital budget provision for J&P and G&P. Inadequate budget provision for mSCOA implementation process. Excessive fees charged by Service Providers. Hardware and software not compatible with new mSCOA system.	Unsuccessful implementation of mSCOA. Potential Qualified audit opinion. Non-compliance with legislative requirements.	Catastrophic	Improbable	Active	Allocation for Grants. Own funding completely budgeted for.	Highly Effective	High	mSCOA Steering Committee. Council. CPO	Financials budget received to finance the mSCOA project. mSCOA PT (Grant of R 220 000,00) received with certain conditions attached.	mSCOA Steering Committee	May-17
6 Ability to influence and interpret new mSCOA requirements that will be based on a regular basis.	Not all mSCOA regulation detailed requirements have been specified and finalised.	Delays in Project finalisation. Interference of business processes due to change management. Potential Qualified audit opinion due to NT interfering any already implemented requirements.	Severe/Major	Improbable	Active	Refer to NT guidelines and testing.	Excellent	High	mSCOA Steering Committee. NT and PT	Refer to NT guidelines and testing. 11/17/16 finalised year.	mSCOA Steering Committee	Jan-17
7 Data gathering and integration of the final asset register	Data cleansing not adequately done. Lack of Asset maintenance management plan.	Delays in Project finalisation. Incomplete figures and data. Incomplete and inaccurate asset register.	Severe/Major	Probable	Active	Align to NT guidelines and testing.	Weak	High	mSCOA Steering Committee. NT and PT	Signed SLA in place. Service Providers appointed.	mSCOA Steering Committee	May-17

**V E S T A**

4 May 2017

Our Ref: VTS_mSCOA_01.4.014

The Municipal Manager
Eden District Municipality
PO Box 12
George, 6530

Attention: Monde Stratu

Dear Mr. Stratu

ENGAGEMENT TO PROVIDE A mSCOA ERP SOLUTION FOR EDEN DISTRICT MUNICIPALITY BY VESTA TECHNICAL SERVICES (PTY) LTD.

Firstly we want to thank you for your valued interest in our products as a preferred mSCOA ERP supplier.

We also respect the procurement requirements that your municipality must adhere to and advise that your municipality follows this process diligently. However, with mSCOA implementation imminent and time being the single biggest risk of a project of this nature, we cannot delay preparation and implementation with a single day.

We hereby confirm our commitment to proceed with implementation at our own risk subject to your approval. We further confirm that, should the appointment not be concluded, for whatever reason, Vesta Technical Services (Pty) Ltd. will have no claim against Eden District Municipality for mSCOA implementation related cost.

I trust that the above information is in order and meets your approval.

Yours faithfully,

Vesta Technical Services (Pty) Ltd

DEWALD PRETORIUS
DIRECTOR

VESTA TECHNICAL SERVICES (PTY) LTD.

Registration No: 2001/015997/07

Vesta House, Tucan Office Park, 14th Road, Noordwyk, Midrand

PO Box 6295, Midrand, 1685. Tel +27 11 238 2600 Fax +27 11 918 8687 Email: info@vesta.co.zaWebsite: <http://www.vesta.co.za>

Directors: T Mokgatle (managing), F Morrison

Project Plan - DC04 Eden District

From 02 May 2017 to 31 December 2020. As at 04 May 2017 SAST.

Planned Start Date:

02 May 2017

Planned Finish Date:

30 June 2020

WBS	Name	Planned Start Date	Planned Finish Date	Planned Duration
1	PROJECT INITIATION	2017/05/02	2017/05/19	14 days
1.1	Project Governance	2017/05/02	2017/05/16	11 days
1.1.1	Drafting of VESTA Project Management Plans	2017/05/02	2017/05/08	5 days
1.1.2	Review of SLA and VESTA Project Management Plans	2017/05/03	2017/05/16	10 days
1.2	Project Inception Meeting	2017/05/08	2017/06/08	1 day
1.2.1	Conduct Project Inception Meeting	2017/05/08	2017/05/08	1 day
1.2.2	Appointment of Project Sponsor	2017/05/08	2017/05/08	1 day
1.2.3	Commissioning of Project Steering Committee	2017/05/08	2017/05/08	1 day
1.3	Reconvening of the Project Steering Committee	2017/05/02	2017/05/08	5 days
1.3.1	Preparation of Project Plan	2017/05/02	2017/05/02	1 day
1.3.2	Project Steering Committee Meeting	2017/05/08	2017/05/08	1 day
1.4	Appointment of Project Implementation Teams	2017/05/08	2017/05/08	1 day
1.4.1	IT	2017/05/08	2017/05/08	1 day
1.4.2	Technical	2017/05/08	2017/05/08	1 day
1.4.3	Transition and Change Management	2017/05/08	2017/05/08	1 day
1.4.4	Training	2017/05/08	2017/05/08	1 day
1.5	Approval and Sign off of:	2017/05/02	2017/05/19	14 days
1.5.1	Project Charter	2017/05/08	2017/05/12	5 days
1.5.2	SLA	2017/05/15	2017/05/19	5 days
1.5.3	Project Management plans	2017/05/02	2017/05/19	14 days
1.5.3.1	Project Plan	2017/05/02	2017/05/15	10 days
1.5.3.2	Resource Plan	2017/05/08	2017/05/19	10 days
1.5.3.3	Communication Plan	2017/05/08	2017/05/19	10 days
1.5.3.4	Risk Management Plan and Register	2017/05/08	2017/05/19	10 days
1.5.3.5	Quality Review Plan	2017/05/02	2017/05/15	10 days
1.6	Setup of mSCOA office	2017/05/08	2017/05/19	10 days
2	PROJECT PLANNING	2017/05/08	2017/08/31	84 days
2.1	IT Infrastructure and Networks	2017/05/08	2017/08/27	37 days
2.1.1	Assessments	2017/05/15	2017/06/29	11 days
2.1.1.1	Hardware	2017/05/15	2017/05/15	1 day
2.1.1.1.1	Review of Server	2017/05/15	2017/05/15	1 day
2.1.1.1.2	Review of Desktops and Laptops	2017/05/15	2017/05/15	1 day
2.1.1.2	Review of Software requirements	2017/05/15	2017/06/29	11 days
2.1.1.2.1	Metgavis	2017/05/15	2017/06/29	11 days
2.1.1.2.2	Collaborator	2017/05/15	2017/06/29	11 days
2.1.1.2.3	Phoenix	2017/05/15	2017/06/29	11 days
2.1.2	Report	2017/05/18	2017/06/30	11 days
2.1.2.1	Compile IT Infrastructure Review Report	2017/05/18	2017/06/30	11 days
2.1.2.2	Assessment of Integration with Third Party systems	2017/05/18	2017/06/30	11 days
2.1.3	Cloud Temp Server	2017/05/08	2017/08/27	37 days
2.1.3.1	Data Base & Securities	2017/05/08	2017/05/22	11 days
2.1.3.2	GI & Budget Data	2017/05/23	2017/06/05	10 days
2.1.3.3	Payroll Data	2017/06/06	2017/06/06	1 day
2.1.3.4	Data warehouse all data	2017/05/31	2017/06/27	20 days
2.2	Change and Transition Management	2017/05/08	2017/08/31	84 days
2.2.1	Awareness Presentation to Councilors	2017/05/10	2017/05/10	1 day
2.2.2	mSCOA Awareness Workshop(s)	2017/05/12	2017/05/18	5 days
2.2.2.1	Management	2017/05/12	2017/05/12	1 day
2.2.2.1.1	Workshop	2017/05/12	2017/05/12	1 day
2.2.2.2	Staff	2017/05/18	2017/05/18	1 day
2.2.2.2.1	Workshop	2017/05/18	2017/05/18	1 day
2.2.3	mSCOA Progress Update Meetings with Management	2017/05/08	2017/07/03	41 days
2.2.3.1	Meeting 1	2017/05/08	2017/05/08	1 day
2.2.3.2	Meeting 2	2017/05/15	2017/05/15	1 day
2.2.3.3	Meeting 3	2017/05/22	2017/05/22	1 day
2.2.3.4	Meeting 4	2017/05/29	2017/05/29	1 day
2.2.3.5	Meeting 5	2017/06/05	2017/06/05	1 day

2.2.3.6	Meeting 6	2017/06/12	2017/06/12	1 day
2.2.3.7	Meeting 7	2017/06/19	2017/06/19	1 day
2.2.3.8	Meeting 8	2017/06/26	2017/06/26	1 day
2.2.3.9	Meeting 9	2017/07/03	2017/07/03	1 day
2.2.4	Reporting	2017/05/15	2017/08/31	79 days
2.2.4.1	Weekly report 1	2017/05/15	2017/05/15	1 day
2.2.4.2	Weekly report 2	2017/05/22	2017/05/22	1 day
2.2.4.3	Weekly report 3	2017/05/29	2017/05/29	1 day
2.2.4.4	Weekly report 4	2017/06/05	2017/06/05	1 day
2.2.4.5	Weekly report 5	2017/06/12	2017/06/12	1 day
2.2.4.6	Weekly report 6	2017/06/19	2017/06/19	1 day
2.2.4.7	Weekly report 7	2017/06/26	2017/06/26	1 day
2.2.4.8	Weekly report 8	2017/07/03	2017/07/03	1 day
2.2.4.9	Monthly reports	2017/05/31	2017/08/31	67 days
2.2.4.9.1	May 2017	2017/05/31	2017/05/31	1 day
2.2.4.9.2	June 2017	2017/06/30	2017/06/30	1 day
2.2.4.9.3	July 2017	2017/07/31	2017/07/31	1 day
2.2.4.9.4	August 2017	2017/08/31	2017/08/31	1 day
3	PROJECT EXECUTION	2017/05/08	2020/06/30	822 days
3.1	Initial Implementation	2017/05/08	2020/06/30	822 days
3.1.1	1- Hardware Requirement	2017/05/08	2017/06/21	33 days
3.1.1.1	Database Configuration and Setup	2017/05/08	2017/05/26	15 days
3.1.1.2	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.1.3	Operating System and Servers Setup	2017/06/01	2017/06/21	15 days
3.1.1.4	Security Roles & Definitions	2017/06/01	2017/06/01	1 day
3.1.2	2- Operating System	2017/05/16	2020/06/30	816 days
3.1.2.1	Maintenance Yr. 1	2017/07/03	2018/07/02	261 days
3.1.2.2	Maintenance Yr. 2	2018/07/02	2019/07/01	261 days
3.1.2.3	Maintenance Yr. 3	2019/07/01	2020/06/30	366 days
3.1.2.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.2.5	Operating System and Servers Setup	2017/06/01	2017/06/21	15 days
3.1.3	3- Database	2017/05/16	2017/06/21	27 days
3.1.3.1	Operating System and Servers Setup	2017/06/01	2017/06/21	15 days
3.1.3.2	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.4	4- Security Software	2017/05/15	2020/06/30	817 days
3.1.4.1	Maintenance Yr. 1	2017/07/01	2018/06/30	365 days
3.1.4.2	Maintenance Yr. 2	2018/07/01	2019/06/30	365 days
3.1.4.3	Maintenance Yr. 3	2019/07/01	2020/06/30	366 days
3.1.4.4	Security Roles & Definitions	2017/05/15	2017/06/02	15 days
3.1.5	6- DRP	2017/07/01	2020/06/30	782 days
3.1.5.1	Maintenance Yr. 1	2017/07/01	2018/06/30	365 days
3.1.5.2	Maintenance Yr. 2	2018/07/01	2019/06/30	365 days
3.1.5.3	Maintenance Yr. 3	2019/07/01	2020/06/30	366 days
3.1.6	a1- General Ledger - Containing mSCOA as Per Regulation	2017/05/08	2017/07/07	45 days
3.1.6.1	Assessment of Current Status	2017/05/08	2017/05/22	11 days
3.1.6.2	Assessment of Requirements	2017/05/08	2017/05/22	11 days
3.1.6.3	Database Configuration and Setup	2017/05/30	2017/06/20	15 days
3.1.6.4	Handholding Fee (6 Weeks)	2017/06/19	2017/06/23	5 days
3.1.6.5	Implementation Training	2017/06/19	2017/06/19	1 day
3.1.6.6	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.6.7	Operating System and Servers Setup	2017/06/19	2017/06/19	1 day
3.1.6.8	Organisational Change Management	2017/06/19	2017/07/07	15 days
3.1.6.9	Security Roles & Definitions	2017/06/19	2017/06/19	1 day
3.1.6.10	Software Solution	2017/06/19	2017/06/19	1 day
3.1.6.11	User Acceptance Testing (UAT)	2017/06/20	2017/06/20	1 day
3.1.7	b1- Integrated Development Plan (IDP) Maintenance	2017/05/16	2017/07/21	49 days
3.1.7.1	Database Configuration and Setup	2017/06/06	2017/06/06	1 day
3.1.7.2	Handholding Fee (6 weeks)	2017/06/08	2017/06/08	1 day
3.1.7.3	Implementation Training	2017/06/07	2017/06/07	1 day
3.1.7.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.7.5	Operating System and Servers Setup	2017/06/06	2017/06/07	1 day
3.1.7.6	Organisational Change Management	2017/06/08	2017/06/09	2 days
3.1.7.7	Security Roles & Definitions	2017/06/07	2017/06/07	1 day
3.1.7.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.7.9	User Acceptance Testing (UAT)	2017/06/08	2017/06/08	1 day
3.1.8	b2- Budget Module - Directly Linked and Informed from the IDP and Project Driven and mSCOA Segmented	2017/05/15	2017/07/21	50 days

3.1.8.1	Database Configuration and Setup	2017/06/08	2017/06/08	1 day
3.1.8.2	Handholding (6 Weeks)	2017/06/08	2017/06/12	3 days
3.1.8.3	Implementation Training	2017/06/07	2017/06/07	1 day
3.1.8.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.8.5	Operating System and Servers Setup	2017/06/01	2017/06/01	1 day
3.1.8.6	Organisational Change Management	2017/05/18	2017/05/26	7 days
3.1.8.7	Security Roles & Definitions	2017/05/15	2017/05/15	1 day
3.1.8.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.8.9	User Acceptance Testing (UAT)	2017/06/08	2017/06/08	1 day
3.1.9	b4- Project Management (PMU) Functionality	2017/05/15	2017/07/21	50 days
3.1.9.1	Database Configuration and Setup	2017/06/08	2017/06/08	1 day
3.1.9.2	Handholding (6 Weeks)	2017/06/08	2017/06/12	3 days
3.1.9.3	Implementation Training	2017/06/07	2017/06/07	1 day
3.1.9.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.9.5	Operating System and Servers Setup	2017/06/01	2017/06/01	1 day
3.1.9.6	Organisational Change Management	2017/05/18	2017/05/26	7 days
3.1.9.7	Security Roles & Definitions	2017/05/15	2017/05/15	1 day
3.1.9.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.9.9	User Acceptance Testing (UAT)	2017/06/08	2017/06/08	1 day
3.1.10	b6- Asset sub-system budgeting tool	2017/05/15	2017/07/21	50 days
3.1.10.1	Database Configuration and Setup	2017/06/08	2017/06/08	1 day
3.1.10.2	Handholding (6 Weeks)	2017/06/08	2017/06/12	3 days
3.1.10.3	Implementation Training	2017/06/07	2017/06/07	1 day
3.1.10.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.10.5	Operating System and Servers Setup	2017/06/01	2017/06/01	1 day
3.1.10.6	Organisational Change Management	2017/05/18	2017/05/26	7 days
3.1.10.7	Security Roles & Definitions	2017/05/15	2017/05/15	1 day
3.1.10.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.10.9	User Acceptance Testing (UAT)	2017/06/08	2017/06/08	1 day
3.1.11	b7- HR/Payroll Budgeting Tool	2017/05/16	2017/07/21	49 days
3.1.11.1	Database Configuration and Setup	2017/06/08	2017/06/08	1 day
3.1.11.2	Handholding Fee (6 Weeks)	2017/06/08	2017/06/09	2 days
3.1.11.3	Implementation Training	2017/06/07	2017/06/07	1 day
3.1.11.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.11.5	Operating System and Servers Setup	2017/06/07	2017/06/07	1 day
3.1.11.6	Organisational Change Management	2017/06/08	2017/06/13	4 days
3.1.11.7	Security Roles & Definitions	2017/06/07	2017/06/07	1 day
3.1.11.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.11.9	User Acceptance Testing (UAT)	2017/06/08	2017/06/08	1 day
3.1.12	c1- Supply Chain Management	2017/05/16	2017/07/21	49 days
3.1.12.1	Database Configuration and Setup	2017/06/01	2017/06/01	1 day
3.1.12.2	Handholding Fee (6 Weeks)	2017/06/19	2017/06/20	2 days
3.1.12.3	Implementation Training	2017/06/19	2017/06/19	1 day
3.1.12.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.12.5	Operating System and Servers Setup	2017/06/19	2017/06/19	1 day
3.1.12.6	Organisational Change Management	2017/06/19	2017/06/23	5 days
3.1.12.7	Security Roles & Definitions	2017/06/19	2017/06/19	1 day
3.1.12.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.12.9	User Acceptance Testing (UAT)	2017/06/20	2017/06/20	1 day
3.1.13	d1- Creditors with Payments	2017/05/16	2017/07/21	49 days
3.1.13.1	Database Configuration and Setup	2017/06/01	2017/06/01	1 day
3.1.13.2	Handholding Fee (6 Weeks)	2017/06/19	2017/06/21	3 days
3.1.13.3	Implementation Training	2017/06/19	2017/06/19	1 day
3.1.13.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.13.5	Operating System and Servers Setup	2017/06/19	2017/06/19	1 day
3.1.13.6	Organisational Change Management	2017/06/19	2017/06/29	9 days
3.1.13.7	Security Roles & Definitions	2017/06/19	2017/06/19	1 day
3.1.13.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.13.9	User Acceptance Testing (UAT)	2017/06/20	2017/06/20	1 day
3.1.14	e1- Costing Module	2017/05/16	2017/07/21	49 days
3.1.14.1	Database Configuration and Setup	2017/06/01	2017/06/01	1 day
3.1.14.2	Handholding Fee (6 Weeks)	2017/06/19	2017/06/19	1 day
3.1.14.3	Implementation Training	2017/06/19	2017/06/19	1 day
3.1.14.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.14.5	Operating System and Servers Setup	2017/06/19	2017/06/19	1 day
3.1.14.6	Organisational Change Management	2017/06/19	2017/06/21	3 days

3.1.14.7	Security Roles & Definitions	2017/06/19	2017/06/19	1 day
3.1.14.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.14.9	User Acceptance Testing (UAT)	2017/06/20	2017/06/20	1 day
3.1.15	f1- Financial Asset Maintenance	2017/05/16	2017/07/31	55 days
3.1.15.1	Assessment of Current Status	2017/06/28	2017/07/07	8 days
3.1.15.2	Assessment of Requirements	2017/06/28	2017/07/06	7 days
3.1.15.3	Handholding Fee (6 Weeks)	2017/06/19	2017/07/31	31 days
3.1.15.4	Implementation Training	2017/06/19	2017/07/05	13 days
3.1.15.5	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.15.6	Organisational Change Management	2017/06/19	2017/07/07	15 days
3.1.15.7	Security Roles & Definitions	2017/06/19	2017/06/19	1 day
3.1.15.8	User Acceptance Testing (UAT)	2017/06/20	2017/06/22	3 days
3.1.16	f2- Asset Tracking - Software	2017/06/19	2017/06/28	8 days
3.1.16.1	Assessment of Current Status	2017/06/28	2017/06/28	1 day
3.1.16.2	Assessment of Requirements	2017/06/28	2017/06/28	1 day
3.1.16.3	Handholding Fee (6 Weeks)	2017/06/19	2017/06/21	3 days
3.1.16.4	Implementation Training	2017/06/19	2017/06/22	4 days
3.1.16.5	Organisational Change Management	2017/06/19	2017/06/20	2 days
3.1.16.6	User Acceptance Testing (UAT)	2017/06/20	2017/06/20	1 day
3.1.17	f3- Maintenance System	2017/06/19	2017/07/10	16 days
3.1.17.1	Assessment of Current Status	2017/06/28	2017/07/04	5 days
3.1.17.2	Assessment of Requirements	2017/06/28	2017/07/04	5 days
3.1.17.3	Handholding Fee (6 Weeks)	2017/06/19	2017/07/10	16 days
3.1.17.4	Implementation Training	2017/06/19	2017/06/27	7 days
3.1.17.5	Organisational Change Management	2017/06/19	2017/06/28	8 days
3.1.17.6	User Acceptance Testing (UAT)	2017/06/20	2017/06/21	2 days
3.1.18	f4- Stores and Inventory (At Minimum Virtual)	2017/05/16	2017/07/21	49 days
3.1.18.1	Database Configuration and Setup	2017/06/01	2017/06/01	1 day
3.1.18.2	Handholding Fee (6 Weeks)	2017/06/19	2017/06/19	1 day
3.1.18.3	Implementation Training	2017/06/21	2017/06/21	1 day
3.1.18.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.18.5	Operating System and Servers Setup	2017/06/21	2017/06/21	1 day
3.1.18.6	Organisational Change Management	2017/06/19	2017/06/21	3 days
3.1.18.7	Security Roles & Definitions	2017/06/21	2017/06/21	1 day
3.1.18.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.18.9	User Acceptance Testing (UAT)	2017/06/23	2017/06/23	1 day
3.1.19	g1- Cashbook	2017/05/16	2017/07/21	49 days
3.1.19.1	Database Configuration and Setup	2017/06/01	2017/06/01	1 day
3.1.19.2	Handholding Fee (6 Weeks)	2017/06/19	2017/06/19	1 day
3.1.19.3	Implementation Training	2017/06/20	2017/06/20	1 day
3.1.19.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.19.5	Operating System and Servers Setup	2017/06/20	2017/06/20	1 day
3.1.19.6	Organisational Change Management	2017/06/21	2017/06/23	3 days
3.1.19.7	Security Roles & Definitions	2017/06/01	2017/06/01	1 day
3.1.19.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.19.9	User Acceptance Testing (UAT)	2017/06/20	2017/06/20	1 day
3.1.20	g2- Petty Cash System	2017/05/16	2017/07/21	49 days
3.1.20.1	Database Configuration and Setup	2017/06/01	2017/06/01	1 day
3.1.20.2	Handholding Fee (6 Weeks)	2017/06/19	2017/06/19	1 day
3.1.20.3	Implementation Training	2017/06/20	2017/06/20	1 day
3.1.20.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.20.5	Operating System and Servers Setup	2017/06/20	2017/06/20	1 day
3.1.20.6	Organisational Change Management	2017/06/19	2017/06/19	1 day
3.1.20.7	Security Roles & Definitions	2017/06/21	2017/06/21	1 day
3.1.20.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.20.9	User Acceptance Testing (UAT)	2017/06/20	2017/06/20	1 day
3.1.21	g3- Grant Management System	2017/05/16	2017/07/21	49 days
3.1.21.1	Database Configuration and Setup	2017/06/01	2017/06/01	1 day
3.1.21.2	Handholding Fee (6 Weeks)	2017/06/19	2017/06/19	1 day
3.1.21.3	Implementation Training	2017/06/22	2017/06/22	1 day
3.1.21.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.21.5	Operating System and Servers Setup	2017/06/22	2017/06/22	1 day
3.1.21.6	Organisational Change Management	2017/06/19	2017/06/19	1 day
3.1.21.7	Security Roles & Definitions	2017/06/22	2017/06/22	1 day
3.1.21.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.21.9	User Acceptance Testing (UAT)	2017/06/27	2017/06/27	1 day

3.1.22	13- Payroll	2017/05/16	2017/07/21	49 days
3.1.22.1	Database Configuration and Setup	2017/06/01	2017/06/01	1 day
3.1.22.2	Handholding Fee (6 weeks)	2017/06/19	2017/06/19	1 day
3.1.22.3	Implementation Training	2017/06/19	2017/06/19	1 day
3.1.22.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.22.5	Operating System and Servers Setup	2017/06/19	2017/06/19	1 day
3.1.22.6	Organisational Change Management	2017/06/19	2017/06/19	1 day
3.1.22.7	Security Roles & Definitions	2017/06/15	2017/06/15	1 day
3.1.22.8	Software Solution	2017/07/21	2017/07/21	1 day
3.1.22.9	User Acceptance Testing (UAT)	2017/06/09	2017/06/09	1 day
3.1.23	k1- Workflow Asset Management only	2017/05/16	2017/07/21	49 days
3.1.23.1	Assessment of Current Status	2017/06/28	2017/06/29	2 days
3.1.23.2	Handholding Fee (6 weeks)	2017/06/19	2017/06/30	10 days
3.1.23.3	Implementation Training	2017/06/19	2017/06/27	7 days
3.1.23.4	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.23.5	Software Solution	2017/07/21	2017/07/21	1 day
3.1.23.6	User Acceptance Testing (UAT)	2017/06/20	2017/06/21	2 days
3.1.24	k7- Risk Management	2017/05/16	2017/07/21	49 days
3.1.24.1	Handholding Fee (6 weeks)	2017/06/19	2017/06/20	2 days
3.1.24.2	Implementation Training	2017/06/20	2017/06/20	1 day
3.1.24.3	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.24.4	Software Solution	2017/07/21	2017/07/21	1 day
3.1.24.5	User Acceptance Testing (UAT)	2017/06/20	2017/06/20	1 day
3.1.25	l1- Report Writer	2017/05/16	2017/07/21	49 days
3.1.25.1	Assessment of Current Status	2017/06/28	2017/06/28	1 day
3.1.25.2	Assessment of Requirements	2017/06/28	2017/06/28	1 day
3.1.25.3	Database Configuration and Setup	2017/06/01	2017/06/01	1 day
3.1.25.4	Handholding Fee (6 weeks)	2017/06/19	2017/06/19	1 day
3.1.25.5	Implementation Training	2017/06/16	2017/06/16	1 day
3.1.25.6	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.25.7	Operating System and Servers Setup	2017/06/16	2017/06/16	1 day
3.1.25.8	Organisational Change Management	2017/06/19	2017/06/20	2 days
3.1.25.9	Security Roles & Definitions	2017/06/16	2017/06/16	1 day
3.1.25.10	Software Solution	2017/07/21	2017/07/21	1 day
3.1.25.11	User Acceptance Testing (UAT)	2017/06/20	2017/06/20	1 day
3.1.26	l2- Statutory Reporting	2017/05/16	2017/07/21	49 days
3.1.26.1	Implementation Training	2017/06/16	2017/06/16	1 day
3.1.26.2	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.26.3	Software Solution	2017/07/21	2017/07/21	1 day
3.1.27	l3- Annual Financial Statements	2017/05/16	2017/07/21	49 days
3.1.27.1	Implementation Training	2017/06/16	2017/06/16	1 day
3.1.27.2	Once-off Fee	2017/05/16	2017/05/16	1 day
3.1.27.3	Software Solution	2017/07/21	2017/07/21	1 day
3.2	Cut Over Go Live	2017/07/03	2017/07/03	1 day
3.2.1	Activate System and Go Live	2017/07/03	2017/07/03	1 day
4	PROJECT CLOSURE	2017/08/22	2017/09/01	9 days
4.1	Compile Project Closure Report	2017/08/22	2017/08/31	8 days
4.2	Review Project Closure Report	2017/09/01	2017/09/01	1 day
4.3	Project Closure Meeting and Sign Off	2017/09/01	2017/09/01	1 day

DISTRICT COUNCIL

29 MAY 2017

DC 175/05/17

**TABLING OF THE MUNICIPAL REGULATIONS ON THE MUNICIPAL
STANDARD CHART OF ACCOUNTANTS (MSCOA) / VOORLEGGING VAN
DIE MUNISIPALE REGULASIE VAN DIE "STANDARD CHART OF
ACCOUNTANTS (MSCOA) / UKUTHIWA THACA KWEMITHETHO
YOMASIPALA NGOLUHLU LWENCWADI ZOMASIPALA
OLUFANELEKILEYO(MSCOA) (580271)**

(7/2/2/6)

5 May 2017

**REPORT FROM THE EXECUTIVE MANAGER: CORPORATE / STRATEGIC
SERVICES (B HOLTZHAUSEN) / MSCOA PROJECT TEAM LEADER (R ALBERTS)**

PURPOSE OF THE REPORT

To create awareness of the mSCOA processes and responsibilities of municipal councils and to become compliant with Provincial- and National Treasury audit guidelines.

BACKGROUND

At a special mSCOA Steercom dated 6 March 2017, it was resolved:

"That it is noted that all outstanding items not noted by Council as pointed out by Provincial Treasury, be prepared and tabled at a next Council meeting".

Provincial Treasury audited the Council's mSCOA audit file and found that although all circulars were tabled at the mSCOA Steercom meetings, it was not tabled at Council meetings as required by the following circulars:

Extract from MFMA SCOA Circular No 1 – Implementation Municipal Finance Management Act 56 of 2003.

"Tabling the Municipal Regulations on a Standard Chart of Accounts in the municipal council to bring awareness;"

Extract from MFMA Circular No. 80 - Municipal Finance Management Act no. 56 of 2003

Accountability for mSCOA Implementation and compliance

"While the National Treasury acknowledges that municipalities would require guidance with the implementation of a strategic financial management reform of this nature, and the National Treasury will continue to provide such, the municipality and municipal entity remains ultimately responsible and accountable to implement mSCOA across its organisation. In this regard, your attention is drawn to Chapter 5 (Responsibilities of Municipal Functionaries) of the mSCOA Regulation of which section 12 and 13 reads as follows:

Responsibilities of municipal councils and boards of directors;

The municipal council of a municipality and the board of directors of a municipal entity must take the necessary steps to ensure that these Regulations are implemented by the adoption of any resolutions, policies and budgetary provisions necessary for the implementation of these Regulations."

RELEVANT LEGISLATION

None

FINANCIAL IMPLICATIONS

None

UITVOERENDE OPSOMMING

Provinsiale Tesourie het tydens die oudit van die mSCOA oudit lêer uitgewys dat die omsendskrywes wel by alle "mSCOA Steercom" vergaderings gedien was, maar dat daar nagelaat was om op Raad vergaderings te dien.

Daar is by "n spesiale "mSCOA Steercom" besluit dat:

Alle uitstaande items wat nie op Raad vergaderings gedien het nie, kragtens die uitwysing van Nasionale Tesourie op die volgende Raad vergadering ter tafel gelê moet word.

RECOMMENDATION

That Council takes note of the content of the report and circulars.

AANBEVELING

Dat die Raad kennis neem van die inhoud van die verslag en die omsendskrywes.

ISINDULULO

Sesokuba umongo wengxelo uthathelwe ingqalelo kwaye iBhunga libenolwazi ngomongo wesi sazinge.

APPENDIX A

Municipal SCOA Circular No. 1 Municipal Finance Management Act No. 56 of 2003

APPENDIX B

Municipal SCOA Circular No. 2 Municipal Finance Management Act No. 56 of 2003

APPENDIX C

Municipal SCOA Circular No. 3 Municipal Finance Management Act No. 56 of 2003

APPENDIX D

Municipal SCOA Circular No. 4 Municipal Finance Management Act No. 56 of 2003

APPENDIX E

Municipal SCOA Circular No. 5 Municipal Finance Management Act No. 56 of 2003

APPENDIX F

Municipal SCOA Circular No. 6 Municipal Finance Management Act No. 56 of 2003

APPENDIX G

MFMA Circular No. 80 Municipal Finance Management Act No. 56 of 2003

APPENDIX H

Addendum to MFMA Circular No. 80 Municipal Finance Management Act No. 56 of 2003

APPENDIX I

MFMA Circular No. 85 Municipal Finance Management Act No. 56 of 2003

APPENDIX J

MFMA Circular No. 86 Municipal Finance Management Act No. 56 of 2003



NATIONAL TREASURY

Municipal SCOA Circular No. 1

Municipal Finance Management Act No. 56 of 2003

Municipal SCOA Circular 1 - Implementation

mSCOA is a business reform - it is therefore important that this circular is distributed to all senior managers and other relevant officials throughout the municipality

This circular introduces the Municipal Regulations on a Standard Chart of Accounts (mSCOA) to non-pilot municipalities in preparation for full mSCOA compliance by 1 July 2017. This is the first in a series of mSCOA circulars.

CONTENTS:

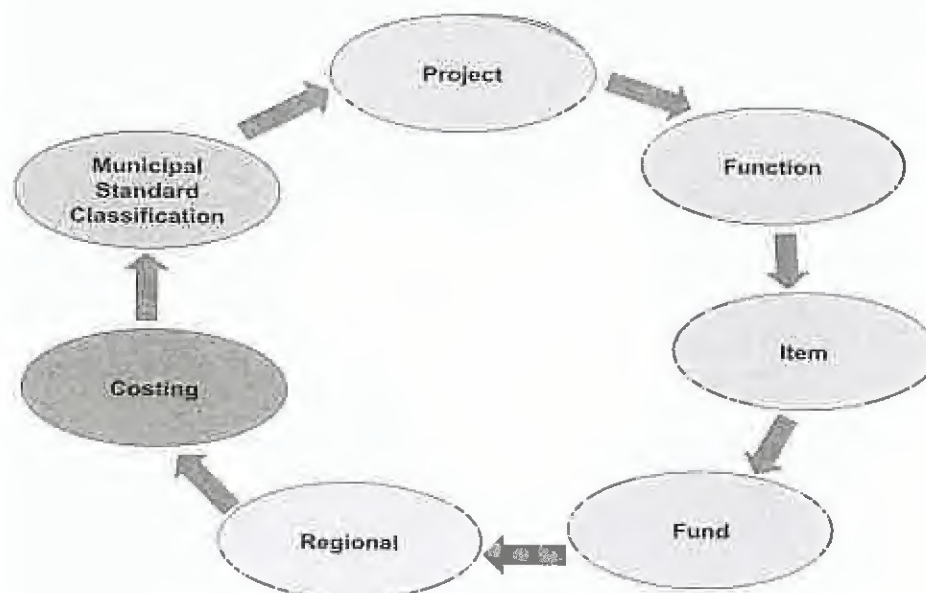
1. WHAT IS MUNICIPAL SCOA (MSCOA):	2
1.1 MSCOA IS MULTI-DIMENSIONAL IN NATURE	2
2. WHY MSCOA:	3
2.1 BENEFITS OF MSCOA	4
3. WHO MUST IMPLEMENT MSCOA:	6
3.1 MUNICIPALITY ULTIMATELY ACCOUNTABLE	6
3.2 CAN THE MUNICIPALITY'S SYSTEM(S) IMPLEMENT MSCOA	7
4. HOW TO IMPLEMENT MSCOA:	7
4.1 PILOTING MUNICIPALITIES	7
4.2 NON-PILOTING MUNICIPALITIES	7
4.3 SUBMISSION OF MSCOA PROJECT PLAN TO THE TREASURIES	8
4.4 FUNDING THE IMPLEMENTATION OF MSCOA	9
5. HOW TO GET FAMILIAR WITH MSCOA:	9

1. What is Municipal SCOA (mSCOA):

mSCOA stands for "standard chart of accounts" and provides a uniform and standardised financial transaction classification framework. Essentially this means that mSCOA prescribes the method (the how) and format (the look) that municipalities and their entities should use to record and classify all expenditure (capital and operating), revenue, assets, liabilities, equity, policy outcomes and legislative reporting. mSCOA is a "proudly South African" project researched by National Treasury based on municipal practices, reporting outcomes, policy implementation and review, etc.

1.1 mSCOA is multi-dimensional in nature

mSCOA is a business reform rather than a mere financial reform and requires multi-dimensional recording and reporting of every transaction across the following 7 segments:



Funding	Function	Item	Project	Costing	Regional	Municipal Standard Classification
What source of Funding will be used for the transaction and from which source is the revenue received?	Against which function or sub-functions should the transaction be recorded?	What is the nature of the transactions to be recorded either being an asset, liability, net asset, gain or loss, revenue or expenditure?	Does the transaction relate to a specific project and if so, what type of project?	Impact of the transaction on secondary costing?	What is the relevant geographical location for capital investment or the appropriate service delivery area for operational expenditure?	Against which organisational vote or sub-vote should the transaction be recorded?

This affects municipal officials across the municipality and at all levels (also in user departments). In practice it means that if municipality A classify a transaction in one-way or

another, municipality B would classify the similar transaction in exactly the same way within the Item Segment Classification.

mSCOA does not prescribe specific business processes in a municipality. However, purely by way of its design principles (the 7 segments depicted above) mSCOA influences the municipality's business processes. In a nutshell, all the steps in the municipality's business processes that receive or draw financial information from the municipality's system(s) will be affected. It will therefore be impossible for a municipality to successfully implement mSCOA if it does not have business processes in place.



Example 1: Municipality A decided to run a one-year electricity project "Know what you use" to convince some customers to change to pre-paid electricity. When selling such pre-paid electricity not only the total value of sales must be recorded as *revenue* (item segment), but mSCOA also requires that the *funding* (Electricity tariffs), *function* (Electricity) and *project* ("Know what you use") and *region* ("poor-paying area 3") where the sale was made be reflected.

This means that the municipality must put business processes in place to enable it to capture all the 7 segments' information, if it does not have this information already available.

2. Why mSCOA:

The SCOA transaction classification reforms already commenced in 1998 for national and provincial government and since 2004, the Economic Reporting Format (ERF) and SCOA are fully operational and used by all national and provincial departments. Overall, the implementation process has proceeded smoothly without any major hurdles or impediments. The successful implementation of SCOA contributed to growing positive public perception, locally and internationally, and strengthened public sector accountability and reporting. However, when incorporating municipal information for whole-of-government reporting and decision making, the misalignment in municipal reporting (discussed below) prevented informed decision making and affected the credibility of our reporting.



Let's illustrate the current challenge by way of an example.

Example 2: Municipalities A, B and C each buy food for a function. Municipality A expenses it as "Catering expenses", municipality B expenses it as "Entertainment expenses" and municipality C expenses it as "Mayoral Special projects – Community Braai".

Example 3: The Municipal Manager travels in his car to a business conference. Municipality A expenses it as "Subsistence and Travel", municipality B expenses it as "travelling expenses" and municipality C expenses it as "conference fees" and municipality D as "meetings".

Although each of the three municipalities acquired exactly the same item/ travel it is difficult for a user of their financial records to compare or determine how much each municipality spend on the same type of item/ travel.

Consider now that each municipality currently manages and reports on its financial affairs according to its own organisational structure and unique classification framework. It is a reality then that this type of misalignment happens throughout the majority of transactions across 278 municipalities. It is very difficult to compare financial information across all municipalities due to them having a non-standardised chart of accounts. The challenge left is how to reliably assess Municipality A, B or C's financial performance relative to one another? Furthermore it becomes very difficult to determine what government as a whole spent on a particular project if we have to assimilate the information across national departments, provinces and municipalities.

The National Treasury ultimately has the responsibility for compiling national whole-of-government accounts, including consolidated local government information for national policy and other purposes. This information is obtained from all municipalities and their entities. It is therefore necessary for National Treasury to specify a national standard (Municipal SCOA (mSCOA)) that aligns with SCOA used by national and provincial government to enable the collection of local government financial information across municipalities and their entities.

2.1 Benefits of mSCOA

mSCOA -

- *Standardise all municipal- and the whole-of-government reporting.* Seamless alignment in reporting;
- *Relieves reporting fatigue and the cost of reporting.* By enforcing mSCOA from transaction inception to data extraction in a municipality's systems ensures a credible, reliable and timely database of municipal information at a very detailed level. This information can be used in multi-dimensional reporting. mSCOA therefore focus on data extraction making reporting possibilities endless which will eliminate current excessive user requests to municipalities, resulting in endless templates asking for the same information in different formats. mSCOA does not fix historic information but going forward it forces credible information through its validation principles;
- *Bring officials in the municipality together on topical matters,* e.g. engineers and accountants / accountants versus budget office, etc.



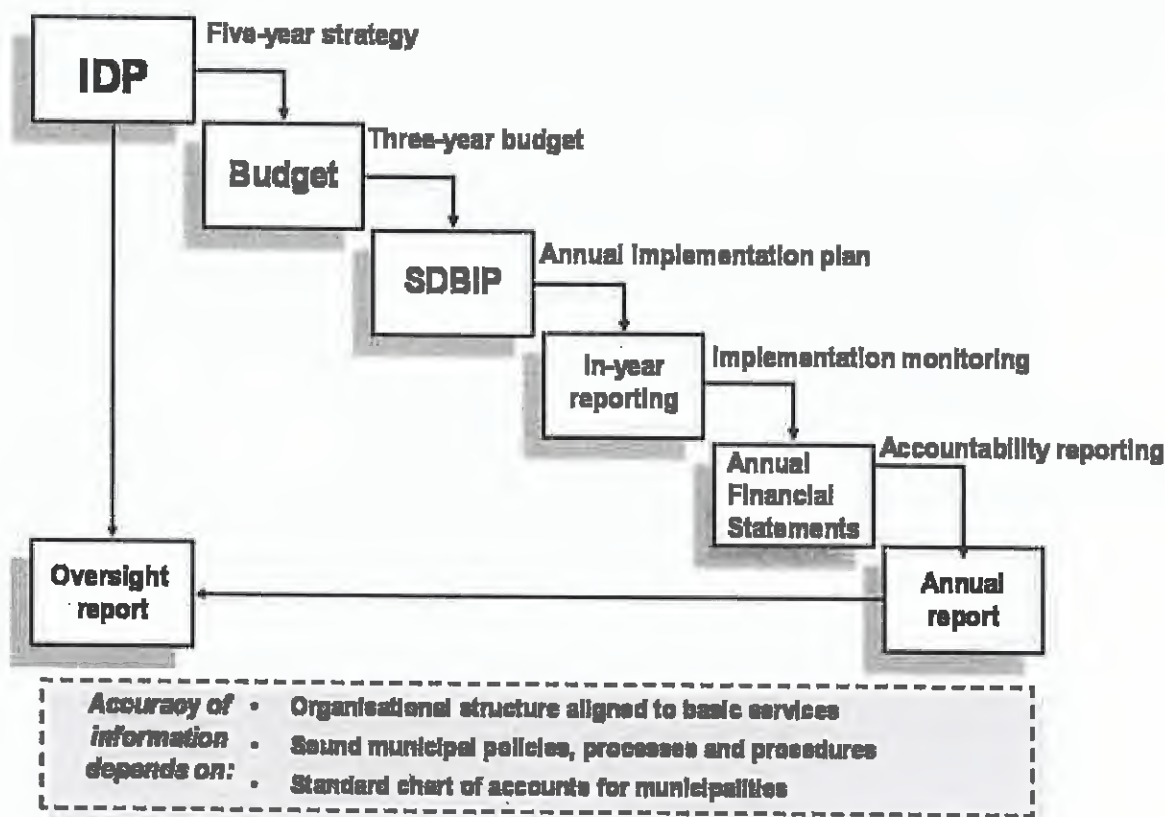
Example 4: Historically planning for the budget was done by the budget manager in one office. The engineer (implementing the project) was not necessarily involved. mSCOA brings about a business change and when planning e.g. repairs and maintenance everyone (budget manager, engineer and accountant) will do joint planning.

- *Guides minimum leading business processes in a municipality* through the use of multiple segments. It therefore reforms the business of the municipality and not just its finances. This means:
 - less need for the use of consultants, since municipal officials themselves implement business processes on-the-job;
 - consistent and unique skills development across municipalities that enables transition of resources between municipalities and across spheres of government;
 - the cornerstone of mSCOA is proper planning and budgeting. mSCOA requires a municipality to budget in a particular way (for projects) across the segments, which means that what council approved in the budget and what is implemented (spend) across the municipality's systems will align ensuring

spending discipline (economy, efficiency and effectiveness). This improves transparency and accountability;

- *Modernise financial management through updated systems and technology.* There is a general improvement of systems offerings since vendors are upgrading systems to align with mSCOA;
- *Improves transparency and accountability leading to a high level of service delivery;*
- *Brings higher levels of cooperative government.* mSCOA makes it easier to navigate across municipal systems to prioritise support. National and provincial government can now provide pro-active and preventative support because we will have credible, reliable and timely municipal information;
- *Provides for evidence-based financial management in municipalities.* This means improved municipal benchmarking, policy making and interventions;
- *Improves the audit process in municipalities.* By improving accruals, audit opinions should improve. Furthermore the Auditor-General currently has to audit the multiple charts of accounts of municipalities. Standardising the chart of accounts for all municipalities:
 - Reduces Auditor-General Interpretations across multiple charts of accounts;
 - Thereby reducing audit costs and auditing time; and
 - Provides a standard for the Auditor-General to audit consistently across all 278 municipalities.
- *Opened discussions around the "same interpretation" of accounting principles between municipalities, vendors and other stakeholders;*
- *Creates stability and consistency by providing a defined structure in the standard set of accounts.*
- Currently there is a mismatch between the municipality's budget, service delivery and budget implementation plan (SDBIP), in-year reporting (MFMA section 71 and 72) and the annual financial statements. mSCOA because of the multi-dimensional reporting across segments, *brings seamless alignment in the accountability cycle of a municipality.* This is because all the reports across the accountability cycle will be compiled from the same mSCOA information:

Municipal Accountability Cycle and mSCOA



These are just a few benefits of mSCOA, more are discussed in the Project Summary Document that can be accessed on the website mentioned below as part of the mSCOA Integrated Consultative Forum (mSCOA ICF) documentation.

3. Who must implement mSCOA:

The *Municipal Regulations on a Standard Chart of Accounts (mSCOA)* is applicable to all municipalities and municipal entities with effect from 1 July 2017. This means that as of 1 July 2015, a non-pilot municipality still has a 16 month preparation and readiness window remaining to enable it to capture all transactions (at posting level) in accordance with mSCOA within its respective financial applications (systems). This is calculated from the assumption that the municipality should prepare its 2017/18 budget during October/ November 2016 as required by the Municipal Budget and Reporting Regulations.

3.1 Municipality ultimately accountable

Even when mSCOA is implemented, the municipality remains ultimately responsible and accountable for the capturing and submission of all the legislated information and reports to the National Treasury Local Government Database (the push of information) as was the status before mSCOA.

Additionally mSCOA will enable the National Treasury and other user departments to pull information directly from the municipality's system(s). This means that the National Treasury

and any other national or provincial user departments will have one central point of access to the detailed municipal financial information used for monitoring and oversight. This will limit user requests for information in other formats or of different detail levels to municipalities.

3.2 Can the municipality's system(s) implement mSCOA

Not all existing municipal systems are able to implement mSCOA. The National mSCOA Project Team is currently engaging all systems vendors active in local government to assess their systems' functionality to accommodate mSCOA. If a specific technology and system solution is assessed as deficient in its functionality of accommodating the mSCOA Regulations, such findings will be communicated to municipalities.

During October and November 2015 the National mSCOA Project Team will engage all non-pilot municipalities on the way forward. It is therefore crucial that **a municipality only change its systems or affect any changes to its current systems in accordance with MFMA Circular No. 57** to align with mSCOA once the National mSCOA Project Team's work is concluded. Premature spending on systems may prove to be in vain.

Please refer to paragraph 4.3 below relating to the funding of any systems development.

4. How to implement mSCOA:

4.1 Piloting municipalities

Piloting of mSCOA has already commenced in 19 local, 2 district and 8 metropolitan municipalities phased over the 2015/16 and 2016/17 financial years. Piloting is done in close cooperation with the National Treasury mSCOA Project Team and the provincial treasuries. Lessons learnt are shared amongst the provinces through the mSCOA National Integrated Consultative Forum (mSCOA ICF) which documentation is available at the below mentioned link to the National Treasury website.

4.2 Non-piloting municipalities

There are a host of immediate activities that all municipalities should do concurrently to the piloting process in preparation for implementation by July 2017. We recommend the following activities be prioritised in July 2015, if it has not been done already by the municipality:

- 4.2.1 Tabling the Municipal Regulations on a Standard Chart of Accounts in the municipal council to bring awareness;
- 4.2.2 Engage the provincial forums which will be used to provide feedback on the piloting process. In addition, attend any sessions scheduled by the National mSCOA Project Team, such as the provincial one day mSCOA introductory sessions and two/ three day non accredited training, which will provide further clarity as it relates to the mSCOA classification framework. Attendance of these sessions by relevant officials, including the municipal mSCOA project manager or coordinator, will be essential if the municipality is to proactively manage any hurdles to ensuring most benefit is derived from mSCOA implementation;
- 4.2.3 Study the Regulation, mSCOA Project Document, associated Segments and Frequently Asked Questions which can be accessed at the below mentioned website;
- 4.2.4 *mSCOA project kick off*: Register a formal mSCOA project in the municipality with a project sponsor, steering committee (with a terms of reference) attached as 'Annexure A' and a suitable governance structure to oversee the implementation;

- 4.2.5 *mSCOA project implementation*: Identify a project manager or coordinator within the municipality (preferably within the finance department at a senior level). Identify a multi-disciplinary mSCOA project team for the municipality. The project team should include skills of finance, budgeting, engineering, risk management, information technology and human resources if these skills are available in the municipality:
- Compile a high level **mSCOA project plan**, including a **mSCOA risk register**, for the municipality (including any municipal entities and associated activities), that address at least the following activities:
 - Draft a terms of reference for the municipality's mSCOA project team. Consider the example draft terms of reference attached herewith as 'Annexure B';
 - Develop a SCOA project delivery strategy, including the assignment of responsibilities, Key Performance Indicators (KPI's) and performance targets for the project and provide for regular project monitoring and reporting;
 - Across all the mSCOA project activities ensure proper document management for the mSCOA project and municipal records;
 - Undertake an exercise to match the existing municipal chart to the regulated Municipal SCOA classification framework. Identify and document any anomalies;
 - Matching the existing vote, cost centre and budget structures operational in the municipality to the Function Segment of the Municipal SCOA classification framework. Identify and document any anomalies;
 - Considering mSCOA is a business reform, incorporate all senior managers across the municipality into the project through internal awareness and information sharing;
 - Incorporate the project plan and associated milestones as part of a standing agenda item at senior management meetings;
 - Tabling a progress report, including the updated risk register with the municipal council on a quarterly basis;
 - The municipality is urged to review its IT infrastructure, network and archiving ('as is' analysis), but only after the National mSCOA Project Team's October/November engagement with the municipality as discussed above.

The following activities should form part of the mSCOA project plan activities and prioritised once the abovementioned activities have been completed. We will elaborate on these in future mSCOA Circulars.

a

- Establish a position on the municipality's system(s):
 - (i) who are the key vendors; and
 - (ii) are these seamlessly integrated?
- Calculate the current total cost of ownership of the core system;
- Undertake a data cleansing exercise and effect the relevant reconciliations;
- Undertake a Human Resources and payroll review and allocation verification;
- Review the full planning process and project segments; and
- Review the business process and mSCOA impact on real estate, land use and grant management; etc.

4.3 Submission of mSCOA Project Plan to the Treasuries

Every municipality must submit its mSCOA Project Plan (addressing also mSCOA implementation for all its municipal entities and associated activities) to the National Treasury (Jan.Hattingh@treasury.gov.za) and the relevant provincial treasury for review **on/before**

Monday, 31 August 2015. The mSCOA Project Plan must clearly identify the name and contact details of the project sponsor in the municipality.

4.4 Funding the implementation of mSCOA

Each municipality is ultimately accountable to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control (section 62 of the MFMA). The National Treasury will not be paying for any systems development. Consequently, over-and-above the municipality's own revenue the following resources are available to fund the implementation of mSCOA:

4.4.1 *The equitable share allocation;*

4.4.2 *The Municipal Systems Improvement Grant (MSIG)* has been amended to enable municipalities to use the MSIG to fund information systems that support the Municipal Standard Chart of Accounts (mSCOA);

4.4.3 *The Financial Management Grant (FMG)* conditions provide for the acquisition upgrade and maintenance of financial management systems and automated financial management practices including the municipal Standard Chart of Accounts (mSCOA).

For more detail on these conditional grant frameworks, please refer to Annexure W3 of the 2015 Division of Revenue Bill (DoRA Bill No. 5 of 2015) available at:

<http://www.treasury.gov.za/legislation/bills/2015/Default.aspx>

5. How to get familiar with mSCOA:

Should you have any queries related to Municipal SCOA the following information and assistance is available:

5.1 The following information related to the mSCOA Regulation is available on the National Treasury Website:

- Government Gazette 37577 – Municipal Regulation on Standard Chart of Accounts;
- GFS Classification Framework;
- Project Summary Document;
- Segment Detail – Item, Fund, Function, Project, Regional Indicator, Costing;
- Comments Register; and
- List of Terminology.

All of the abovementioned information can be accessed at:
<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

5.2 A database of Frequently Asked Questions has been compiled and all piloting municipalities have been granted access. Non-pilot municipalities will be provided access to the FAQ Database with the next mSCOA Circular which will include a user manual.

5.3 The provincial MFMA Coordinator or such other person as the province formally communicated can also be approached;

5.4 The lessons learnt from pilot municipalities will formally be shared going forward. Please do not contact these municipalities individually;

- 5.5 The National Treasury is currently rolling-out a non-registered training programme to 42 district municipalities. It is envisaged that the rollout will commence at the later part of August 2015 and extend for a period of 8 to 10 weeks. The programme will be 3 days, as it will be addressing mainly the non-pilot sites and is a programme for participants with little or no knowledge of mSCOA.
- 5.6 mSCOA Circulars. This is the first in a series of Municipal SCOA Circulars aimed to assist municipalities in getting mSCOA ready. The mSCOA Circulars will be issued monthly and can be accessed at:

<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>

The next mSCOA Circular will elaborate on mSCOA available reading material, how to structure the municipality's mSCOA project and explain the "Function" and "Municipal Standard Classification" segments.

Contact



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Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh
Chief Director: Local Government Budget Analysis
21 July 2015



NATIONAL TREASURY

Municipal SCOA Circular No. 2

Municipal Finance Management Act No. 56 of 2003

Municipal SCOA Circular 2 - Implementation

mSCOA is a business reform - it is therefore important that this circular is distributed to all senior managers and other relevant officials throughout the municipality

This circular introduces the Municipal Regulations on a Standard Chart of Accounts (*mSCOA*) to non-pilot municipalities in preparation for full *mSCOA* compliance by 1 July 2017. This is the second in a series of *mSCOA* circulars.

CONTENTS:

1. MUNICIPAL SCOA (MSCOA) READING MATERIAL:	2
1.1 THE REGULATIONS ON A MUNICIPAL STANDARD CHART OF ACCOUNTS	2
1.2 PROJECT SUMMARY DOCUMENT (PSD)	2
1.3 THE NATIONAL INTEGRATED CONSULTATIVE FORUM (ICF) DOCUMENTATION	2
2. MUNICIPAL STANDARD CHART OF ACCOUNTS TRAINING / SKILLS PROGRAMME:	2
3. HOW TO STRUCTURE THE MUNICIPALITY'S MSCOA PROJECT PLAN:	3
3.1 PILOTING MUNICIPALITIES	3
3.2 NON-PILOTING MUNICIPALITIES	4
3.3 SUBMISSION OF MSCOA PROJECT PLAN TO THE TREASURIES	6
4. MSCOA - PROJECT WORK STREAMS:	7
4.1 WORK STREAM – TECHNICAL	7
4.2 WORK STREAM – PILOT AND VENDOR MANAGEMENT	8
4.3 WORK STREAM – LG DATABASE DEVELOPMENT AND REPORTING	9
4.4 WORK STREAM – TRANSITION AND CHANGE MANAGEMENT	10
4.5 WORK STREAM – TRAINING	11

1. Municipal SCOA (mSCOA) reading material:

1.1 The Regulations on a Municipal Standard Chart of Accounts

By now you should already be familiar with the Municipal Regulations on a Standard Chart of Accounts (mSCOA). If not, please prioritise reading the regulations that can be located at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

1.2 Project Summary Document (PSD)

Secondly, it would assist any municipal official to be familiar with the Project Summary Document (PSD). The PSD provides background to the mSCOA project since inception and explains the basics of each of the seven (7) mSCOA segments. It also compares the national and provincial SCOA processes and the resultant need for a municipal SCOA.

The purpose of the PSD is to:

- Capture the purpose for having each of the seven (7) segments;
- Explain the key design principles applied when each segment was designed and structured;
- Discuss the high-level classification relevant to each specific segment (with reference to its subject matter); and
- Provide some guidance for the implementation of each segment.

The information provided in the current PSD is supplemented by information shared on the "lessons learned" from mSCOA piloting municipalities. The PSD, issued on 1 October 2014, can be accessed at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

1.3 The National Integrated Consultative Forum (ICF) Documentation

The National Integrated Consultative Forum (ICF) is the platform where piloting municipalities, system vendors, the National and provincial treasuries, and stakeholders such as NERSA, the Department of Water Affairs and Sanitation (DWA) and the South African Revenue Services (SARS) engage. The Auditor-General, Accounting Standards Board (ASB) and the Institute of Municipal Financial Officers (IMFO) attend the ICF's as observers to the process. The documentation of every ICF is published on the mSCOA website. The idea is that every provincial treasury share these at the relevant provincial ICF or related forum. However, every municipal practitioner can access the ICF documentation from the mSCOA website (refer the link above in paragraph 1.2).

2. Municipal Standard Chart of Accounts Training / Skills Programme:

The National Treasury is developing unit standards for the Municipal Regulations on a Standard Chart of Accounts (*mSCOA*). Concurrent to this process, the published version of the *mSCOA* chart is being refined as the *mSCOA* piloting process unfolds. It is unlikely that the unit standards will be finalised before the *mSCOA* chart is locked for issuing and implementation to all non-pilot municipalities.

Currently no *mSCOA* unit standards exist and as a result no institutions are accredited to provide *mSCOA* training. Once the unit standards have been issued, the National Treasury will issue accredited training material that aligns to these unit standards. This training will address the needs of financial practitioners and non-financial managers. At the same time, the National Treasury will issue criteria for the accreditation of *mSCOA* (training) facilitators and assessors. Only *mSCOA* accredited facilitators will be able to provide *unit standard aligned* accredited *mSCOA* training to local government.

In this context, we confirm that the National Treasury *mSCOA* Project Team is currently best placed to provide training to municipalities that are informative, correctly aligned and continuously updated with ongoing *mSCOA* chart refinements. Municipalities are therefore cautioned to "not waste valuable time and resources" on *mSCOA* training offerings that are potentially at high risk in misrepresenting *mSCOA*. A next round of National Treasury *mSCOA* training will commence soon. The detail will be communicated to all provincial treasuries/ and non-piloting municipalities.

3. How to structure the municipality's *mSCOA* Project Plan:

It is important to understand that a project is a temporary 'structure' established in the municipality with a specific purpose. A project ceases to exist on completion of the assignment. This means that the municipality's *mSCOA* project should not continue forever, but end on completion of successful *mSCOA* implementation in the municipality. At that point in time *mSCOA* should be embedded in the daily activities of the municipality and therefore the need for the project support structure would no longer exist.



Example 1: *mSCOA* Implementation will typically be an operational project created within the *mSCOA* "Project Segment" for tracking operational expenditure against envisaged budgeted resources.

3.1 Piloting municipalities

Pilot municipalities are currently somewhere between project inception and transacting on the seven *mSCOA* segments. These municipalities should be preparing for the first *mSCOA* aligned quarterly reports.

During pilot implementations the goal posts are moved as lessons are learnt, issues addressed and risks mitigated. However, this does not mean that healthy project governance should not exist.

Often the leaders and lagers in a group attract the most attention and *mSCOA* implementation is no exception. Therefore now is an opportune time for all piloting municipalities to address any outstanding governance items in preparation for the annual external audit.



The following are some of the valuable lessons learnt from piloting municipalities:

- mSCOA is an organisational reform involving all departments. It is not limited to the administration and/ or finance and/ or IT;
- Change management within the organisation is crucial. Do not underestimate the emphasis on change management that is required within the municipality to make a success of the mSCOA project;
- Do not underestimate the amount of work needed to successfully own and implement mSCOA in the municipality;
- Each municipality need to develop mSCOA local expertise within the municipality;
- The local expert has to develop his/ her own understanding and be willing to share the information. These are important qualities to consider when assigning officials to your project implementation team;
- Discuss your municipality's mSCOA challenges regularly with the provincial treasury/ and compare with similar questions/ challenges raised on the Frequently Asked Questions (FAQ) database. If your challenges are not speedily resolved, please address them to the National Treasury mSCOA help desk; and
- Ask for help – that is the reason for the helpdesk being incorporated into the Frequently Asked Questions (FAQ) database.

3.2 Non-piloting municipalities

Municipal SCOA Circular 1 highlighted the need for every non-pilot municipality to compile a high level project plan to implement mSCOA in the municipality. It is important that this plan focus on the responsibilities of the municipality and, as a minimum, include the list of activities already provided for in Municipal SCOA Circular 1.

Ideally the required project plan only needs to cover the activities of the municipality at a high level (not that of its system vendor(s)). The project plan remains a working document for the duration of the project, meaning the project team will update and expand the plan as the project unfolds.

It is recommended that the following activities (additional to those listed in Municipal SCOA Circular 1) be included in the plan:

3.2.1 Commissioning an mSCOA steering committee and project management team:

- if you have not done so already, include appointment of the mSCOA steering committee and implementation teams (work streams) e.g. IT work stream, Change management and transition work stream, etc;
- Draft a charter for each of these implementation teams to clarify their responsibilities and scope; and
- Amend the performance agreements of all officials and senior managers involved in the steering committee and/ or implementation teams to ensure mSCOA is adequately prioritised among other work responsibilities;

3.2.2 Set up the project governance structure and project management office (PMO):

- The 'governance structure' refers to the mSCOA steering committee, internal audit and risk management departments, all of whom should:

- (a) schedule regular reviews of the municipality's mSCOA project implementation; and
 - (b) add a standing mSCOA item to their meeting agendas.
- The project management office (PMO) provides the administrative support to the project. At least one full time resource should be assigned to the PMO as the project takes off. This official will have to provide dedicated support to the project implementation teams (work streams) with administrative duties such as taking minutes at meetings, maintain project documentation, compile consolidated progress reports from the individual work stream progress reports, etc;

3.2.3 Skills development:

- Improve the skills of the project implementation teams by considering and adopting the Kotter or other project management methodology (e.g. search on line for material); and
- Every member of the project implementation teams must familiarise themselves with the mSCOA Regulations and the Project Summary Document (PSD);

3.2.4 *Review the current municipal chart of accounts* - the purpose of this review is to understand the municipality's individual municipal chart of accounts structure, current projects and the items frequently used. This will be very important later-on when the municipality embarks on an exercise to break down/ allocate every one of its existing municipal departments to the standardised GFS functions (or sub-functions and sub-sub-functions);

3.2.5 *Conduct an "as is" analysis/ or review of IT infrastructure, network and archiving:* The work stream assigned with this responsibility should -

- Draw up a list of the current Information Technology infrastructure in the municipality, the municipality's network capacity, archiving policy, procedures and capability. All of these are impacted by the mSCOA implementation;
- Calculate the current cost of ownership of the core system. This will include a review the current annual license fees, the annual cost of consultants required to maintain these systems, and all additional fees like training, user group attendance, updates and small changes to the system;
- Calculate the current cost of ownership of any additional or sub-systems. Similar to what was done for the core system, identify who are the key vendors, and costs associated with these system(s);

3.2.6 *Change management and transition:* Appoint a change management/ or communication committee to assist with on boarding of officials across the municipality and its municipal entities;

3.2.7 *Document the current business processes in the municipality:* During this exercise it will be useful to refer to the mSCOA regulations for guidance on affected business processes;

3.2.8 *Start with data purification:* mSCOA cannot fix historic incorrect information. This means that if the municipality inputs "garbage" into mSCOA its reporting will still provide "garbage" output. It is therefore important that all data captured in mSCOA are "clean" and that appropriate documentation regarding these corrections are maintained in the audit file for the period under review; and


3.2.9 *The mSCOA Frequently Asked Questions (FAQ) database:* It is important that every member of the municipality's mSCOA implementation teams/ work streams register on

the FAQ database (refer paragraph 1.2 above for the website link) to review the questions and answers posted by the pilot municipalities. This is a valuable tool for learning and fast tracking official's mSCOA implementation.

As part of the National Treasury mSCOA project team's support, an mSCOA project plan framework is attached (refer Annexure A). The municipality and/ or provincial treasury is welcome to use the framework and to align it with the municipality's specific circumstances. Should any non-pilot municipality require additional support to develop their mSCOA implementation plan, or assistance to start off in the municipality, we urge you to consult your provincial treasury team, who are coordinating the mSCOA effort in your province. The contact details of the relevant provincial treasury official(s) responsible for mSCOA is attached (refer Annexure B).

3.3 Submission of mSCOA Project Plan to the Treasuries

A number of municipalities have raised challenges in submitting their mSCOA project plans to the Treasuries for review. These challenges are discussed below:

	<p><i>It is annual financial statements (AFS) time. There is no time for mSCOA now:</i></p> <p>It is the Treasuries' view that not all senior officials in a municipality are responsible for compiling annual financial statements. It is therefore recommended that the development of the project plan is assigned to a senior official(s) that is not consumed in the annual financial statement process.</p>
	<p><i>Municipalities are hesitant to submit a project plan at this stage. The mSCOA project plan will bind the municipality to a vendor and there is uncertainty regarding the vendor status at this stage:</i></p> <p>It is not true that the project plan binds a municipality to a vendor. There are a number of things a municipality can and should do long before any vendor is engaged.</p> <p>The vendor is responsible for the system. In the municipality's project plan, the "vendor activities", at this stage, only need to be indicated at a high level as "system activities". Whereas, all the other activities that the municipality are required to do, should be unpacked.</p> <p>It is crucial to understand that a project plan is a living document and as such it will develop as the project progresses. However, every municipality is encouraged and urged to make a start somewhere.</p>

Municipalities that have not yet submitted their mSCOA project plans to the Treasuries are encouraged to do so. A review by the Treasuries is part of the support offered that could assist the municipality to, at an early stage in the process, identify gaps and possible challenges.

As such we confirm that only project plans submitted before Monday, 5 October 2015, will be processed by the Treasuries. After this date, the support will focus on the next phases of mSCOA implementation. Municipalities that do not submit their plans by this extended date

would therefore have lost the opportunity to benefit from the review and could potentially jeopardise their implementation at their own risk.

The municipality's mSCOA project plan (addressing also mSCOA implementation for all its municipal entities and associated activities) can be submitted to the National Treasury (Jan.Hattingh@treasury.gov.za) and the relevant provincial treasury (refer Annexure B for the relevant contact details). The mSCOA project plan must clearly identify the name and contact details of the project sponsor in the municipality.

4. mSCOA - Project Work Streams:

To ensure adequate support for the successful implementation of mSCOA, the National Treasury mSCOA Project Team's activities are structured into five (work streams). These work streams are introduced below to create a better understanding amongst municipalities of the mSCOA Project: Phase 4 – Change Management & Transition.


4.1 Work Stream – Technical

<p>Purpose</p>	<p>This work stream commenced at inception of the mSCOA project in October 2009, its purpose being to:</p> <ul style="list-style-type: none"> • Research, compile and maintain the mSCOA Classification tables; • Research, draft and finalise "Position and Discussion Papers" on topical mSCOA related matters; • Electronically upload SQL mSCOA releases; • Prepare and continuously update a Project Summary Document (PSD) to support the mSCOA tables. The PSD document incorporates: <ul style="list-style-type: none"> ◦ the design principles applied in the compilation of the mSCOA Tables; ◦ existing reference source(s) available and the impact of mSCOA on these requirements; ◦ the revision of high-level classifications resulting from frequently asked questions; ◦ discussions of mSCOA implementation requirements and related matters. • Define the necessary changes to the local government reporting requirements that will result in the: <ul style="list-style-type: none"> ◦ optimal use of the mSCOA classification tables; and ◦ streamlining of local government reporting to all the identified stakeholders. • Respond to the frequently asked questions (FAQ), posted to the FAQ database. This function contributes to knowledge management and provides a useful audit trail of changes made to the mSCOA tables as the project progresses; • Develop relevant proposals relating to the abovementioned activities to the mSCOA Technical Work Group for recommendation to the mSCOA Project Steering Committee for formal adoption into the
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	mSCOA chart:
Progress	Since project inception, this work stream has made significant progress that is documented and explained in Annexure D.
Documentation	<p>This work stream developed:</p> <ul style="list-style-type: none"> the Municipal Regulations on a Standard Chart of Accounts, 2014 (mSCOA); and Respond to the frequently asked questions (FAQ) database that can be accessed at: http://mscoafaq.treasury.gov.za/Logon.aspx
Going forward	<p>To do - non-pilot municipalities should follow the guidance provided in the Project Summary Document at the end of each of its sections.</p> <p>This is a standing item that will be addressed ongoing in the forthcoming Municipal SCOA Circulars as each of the seven (7) segments are discussed.</p>

4.2 Work Stream – Pilot and Vendor Management

Purpose	<p>This work stream was the initial mSCOA research team since project inception with ongoing vendor engagement since 2010. Its functional pilot work commenced in April 2014. This work stream is focussed to:</p> <ul style="list-style-type: none"> Determine what is the level of implementation of the mSCOA classification framework; and Develop minimum specifications for business processes and system(s) that will enable successful mSCOA implementation.
Progress	<p>Since project inception, this work stream has:</p> <ul style="list-style-type: none"> Evaluated municipalities to determine the most representative and feasible selection of municipalities for piloting mSCOA; Engaged system vendors operating in local government to: <ul style="list-style-type: none"> (i) Review the initial findings resulting from the initial municipality review; and (ii) Establish a gap probability analysis. Presented its work and research at the ICF's, including an <i>mSCOA Position Paper: Mapping Coding and Short Codes</i> (tabled at the June 2015 ICF).
Documentation	<p>All presentations made by this work stream (to date) can be accessed as part of the 4th and 5th ICF'S at the following link:</p> <p>http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Documents/Forms/AllItems.aspx?RootFolder=/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Documents/02.%20mSCOA%20ICF&FolderCTID=&View={C98C9F53-8A90-4584-BDF6-E04838D2AF6B}</p>
Going forward	<p>It is crucial that a municipality obtain a conceptual view of its current ICT infrastructure, including its 'Core Financials' and all other solution offerings. This exercise normally reveals massive duplications and gaps</p>

	<p>in the current system(s) environment of the municipality.</p> <div data-bbox="446 257 1301 560">  <p>For example at several municipalities it was found that a core financial system is in use of which only the General Ledger, Debtors and Cashbook, and creditors modules are used. Despite the system providing for prepaid, supply chain, projects, reporting, etc. the municipality pay extra to 3rd parties to provide these functions separate from the existing core financial system.</p> </div> <p>To do –</p> <p>(i) the mSCOA Project Plan must require the municipality's ICT department to compile a map with descriptions of:</p> <ul style="list-style-type: none"> • what functions are included in the current core financial licencing fee; • what functions of the core financial system is not used; and • what functions available on the core financial system is outsourced. <p>To assist with this exercise, a municipality should as a minimum use the template included as Annexure C.</p> <p>(ii) Each municipality must submit its completed Annexure C to the National Treasury (Jan.Hattingh@treasury.gov.za) and the relevant provincial treasury (refer Annexure B for the relevant contact details) on/ before Friday, 13 November 2015.</p>
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4.3 Work Stream – LG Database Development and Reporting

<p>Purpose</p>	<p>The work stream was formally established on 1 June 2015, although research and discussions took place before this date. Its purpose is to:</p> <ul style="list-style-type: none"> • Design a new database for mSCOA; • Define validation rules for datasets; • Develop the portal for submission of datasets and documents to the local government database; • Test validation rules on pilot datasets, and • Translate piloting datasets into old reporting formats for testing and quality checks.
<p>Progress</p>	<p>This work stream has already:</p> <ul style="list-style-type: none"> • Designed a new database version 1 , to be implemented; • Defined validation rules, to be refined and formally tested; • Implemented portal (lguploadportal.treasury.gov.za) for submission of datasets and mSCOA format documents; • Supported pilot municipalities with registration, access approval and the upload processes for the new portal; • Mapped and tested the Municipal Budget and Reporting Regulations (MBRR), In-year monitoring (IYM) and annual financial statements (AFS) formats; • Informally tested municipal SCOA data received from pilot municipalities and provided feedback to vendors and municipalities; • Provided support to resolve mSCOA frequently asked questions

	<p>(FAQ) website <i>user access queries</i>,</p> <ul style="list-style-type: none"> Finalised the <i>URS of functional changes</i> to the mSCOA FAQ website. These changes are effective from 25 August 2015; Requested assistance from National Treasury IT to host an mSCOA Risk Matrix website on the National Treasury server, and Provided input to the City Support Portal's (CSPs) design and assisted with links to the relevant municipal information on the CSP portal.
Documentation	<p>At this stage there are no documents available to municipalities relating to this work stream's activities.</p> <p>It is suggested that municipalities familiarise themselves with item: "<i>4. mSCOA Guidelines</i>", provided on the current link: http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx</p>
Going forward.	<p>To do –</p> <p>(i) Once mSCOA is implemented on the municipality's system(s), non-piloting municipalities are requested to submit data files for mSCOA testing purposes and quality assurance to lguploadportal.treasury.gov.za.</p> <p>(ii) Municipalities are still legally required by the MFMA and must continue submitting the existing in-year reports (MFMA Sections 71 and 72) to lgdatabase@treasury.gov.za. These reports must be submitted in the format(s) prescribed in the Municipal Budget and Reporting Regulations (MBRR).</p> <p>The submission of reports (as is) will remain a legislative requirement even once the National Treasury has an open portal to information directly on the municipality's systems.</p>

4.4 Work Stream – Transition and Change Management

Purpose	<p>This work stream formally commenced on 1 July 2014 with its purpose being to:</p> <ul style="list-style-type: none"> support transition and change management in provincial treasuries; enable adequate capacity and support for the roll out and implementation of mSCOA in Non-Pilot Municipalities.
Progress	<p>Over the past seven (7) months, this work stream has:</p> <ul style="list-style-type: none"> Developed a strategy for the roll out of Change and Transition over the duration of mSCOA Project Phase 4; Engaged all provincial treasuries extensively; Engaged and worked closely with other stakeholders relevant to mSCOA implementation to further change and transition, including SALGA, DCoG, IMFO, ASB, PSAF and vendors, etc; Engaged Pilot Municipalities, early adopting municipalities and municipalities requiring additional training, change support and strategic interventions to sustain their mSCOA efforts;

	<ul style="list-style-type: none"> • Weekly <i>mSCOA</i> training of Municipalities with a clear focus on change and enablement so that a municipality (after training) knows what to do next in terms of <i>mSCOA</i>; and • Ongoing, working closely with provincial treasuries to assist with the on boarding of early adopter municipalities and change and transition interventions in provinces.
Documentation	<ul style="list-style-type: none"> • Documents and examples created by this work stream are available under the Integrated Consultative Forum (ICF) folder on the National Treasury website (refer the link in paragraph 1 above); • Once the knowledge base on the FAQ database is up-and-running, the work stream's documentation will also be made available as part thereof; • Some documentation has already been circulated as attachments to the Municipal SCOA Circulars.
Going forward	<p>To do – At this stage all Non-Pilot municipalities should already have in place:</p> <ul style="list-style-type: none"> • A municipal council resolution supporting and approving the <i>mSCOA</i> project for the municipality; • A <i>mSCOA</i> Project Steering Committee and a <i>mSCOA</i> Project Team (both with approved Terms of References (refer Municipal SCOA Circular 1); and • Be in the process of compiling an <i>mSCOA</i> Project Plan and risk register for the municipality.

4.5 Work Stream – Training

Purpose	<p>The training work stream commenced in September 2014 with its purpose being, to:</p> <ul style="list-style-type: none"> • Demystify <i>mSCOA</i> across all municipalities, municipal entities, national and provincial treasuries; • Train financial practitioners at pilot municipalities and their respective system vendors; • Develop a unit standard based accredited <i>mSCOA</i> training programme aimed at both financial- and non-financial <i>mSCOA</i> practitioners; and • Develop and facilitate an accredited "train the trainer" – <i>mSCOA</i> programme.
Progress	<p>In the past year this work stream has:</p> <ul style="list-style-type: none"> • Developed and presented the one (1) day "Demystifying <i>mSCOA</i>" programme across all 9 provinces; • Developed and implemented a two (2) day non-accredited training programme for pilot municipalities and their respective system vendors (focussing on financial practitioners).
Documentation	<p>This work stream's documentation can be accessed on the National Treasury website (refer the link in paragraph 1 above):</p> <ul style="list-style-type: none"> • Presentations made at the Integrated Consultative Forums (ICF's); • The "Demystifying <i>mSCOA</i>" one (1) day training programme.

Going forward	<ul style="list-style-type: none">• 3 day non-accredited mSCOA training for non-pilot municipalities. With an expected start date of 28 September 2015 for 10 weeks. Your provincial treasury will soon communicate in this regard.• Accredited training - envisaged roll out from January 2016.
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Contact



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JH Hattingh
Chief Director: Local Government Budget Analysis
21 September 2015



NATIONAL TREASURY

Municipal SCOA Circular No. 3

Municipal Finance Management Act No. 56 of 2003

Municipal SCOA Circular 3 – Implementation

mSCOA is a business reform - It is therefore important that this circular is distributed to all senior managers and other relevant officials throughout the municipality

This circular introduces the Municipal Regulations on a Standard Chart of Accounts (*mSCOA*) to non-pilot municipalities in preparation for full *mSCOA* compliance by the outer implementation date of 1 July 2017. This is the third in a series of *mSCOA* circulars. Municipalities can use the Municipal SCOA Circulars to assess whether they are on track in achieving *mSCOA* implementation.

CONTENTS:

1. INTRODUCTION	2
2. MSCOA AND THE AUDIT VALUE CHAIN:	2
2.1 INTERNAL AUDIT, THE AUDIT COMMITTEE AND RISK MANAGEMENT.....	2
2.2 THE EXTERNAL AUDIT PROCESS	4
2.3 REPORTING	5
3. MSCOA AND MUNICIPAL ENTITIES:	6
3.1 CURRENT SYSTEM(S) SITUATION IN MUNICIPAL ENTITIES	6
3.2 PREPARING FOR MSCOA IMPLEMENTATION IN A MUNICIPAL ENTITY.....	9
4. MSCOA FREQUENTLY ASKED QUESTIONS:	9
5. MSCOA PROJECT MANAGEMENT SUPPORT:	9
5.1 MSCOA PROJECT SPONSOR: ROLE AND RESPONSIBILITY.....	9
5.2 CHARTER FOR EACH WORK STREAM.....	13
5.3 MSCOA PROJECT GOVERNANCE STRUCTURE.....	14
6. EARLY ADOPTING OF MSCOA.....	15
7. MSCOA TRAINING: WHAT IS AVAILABLE.....	16

1. Introduction

The Municipal Regulations on a Standard Chart of Accounts, 2014 (*mSCOA*), requires a significant change in municipal business processes. Consequently, *mSCOA* implementation involves system conversion and/ or re-implementation with all the typical risks associated with any system conversion or implementation. Implementing *mSCOA* therefore requires **organisational change across the municipality since not only financial and budget orientated practitioners are involved. A common misconception among municipalities and other stakeholders relates to the fact that the *mSCOA* Regulation is perceived to be a finance reform only, an extremely dangerous assumption.**

This content of this circular address:

- the role, responsibility and involvement of the Auditor-General in the *mSCOA* project;
- confirms the role of risk management and internal audit;
- provides clarification on *mSCOA* and the impact on municipal entities;
- provides a synopsis of frequently asked questions and explains the use of the FAQ Database;
- clarifies roles and responsibilities as it relates to project management support within the municipality and provincial treasury;
- dismisses the notion of 'early adoption'; and
- provides guidance on *mSCOA* training.

2. *mSCOA* and the audit value chain:

2.1 Internal Audit, the Audit Committee and Risk Management

"A conversion to a new system is one of the highest risks that any organisation can face¹."

Internal auditors should evaluate both the information technology (IT) and organisational aspects of the *mSCOA* system conversion projects. Auditing these conversions provides assurance to management and the municipal council that *'all that can be done is being done'*. The internal auditor's involvement and independent assessment of *mSCOA* project plans provides value that far outweighs the audit's costs.

¹ The Institute of Internal Auditors.

Internal audit has an important role to play in ensuring good *m*SCOA project governance, including achieving *m*SCOA project goals and to create and maintain particular organisational values. It does so through the appropriate accountability and by evaluating processes that contribute to the achievement of these goals and values, specifically the communication of the goals and values and the processes used to monitor their achievement.

Risk management is a key responsibility of management and the accounting officer (municipal manager). It is crucial that the municipality manages its *m*SCOA project risks as part of its normal risk management processes, including assigning clear responsibility for the management of *m*SCOA project risks. Internal auditors assist both management and the audit committee by examining, evaluating and reporting on the adequacy and effectiveness of the municipality's overall and particularly *m*SCOA project risk management process.

Risk management is an essential part of effective *m*SCOA project governance and whilst it is a management responsibility, management can expect the audit committee to oversee and provide advice on the risk management of such a significant reform in the municipality. The audit committee needs to review:

- Whether management has a comprehensive risk management framework guiding the management of *m*SCOA project risks;
- Whether a sound and effective approach has been followed in developing the strategic risk management plan for the *m*SCOA project;
- The impact of the municipality's risk management framework on particularly the control environment of the *m*SCOA project; and
- The municipality's '*m*SCOA project' - fraud prevention plan to be satisfied that the municipality has appropriate processes and systems in place to capture, monitor and effectively investigate any fraudulent activities related to the project.

Management is responsible for ensuring the establishment of effective risk management in the municipality and in this case, also specifically for the *m*SCOA project. The approach followed provides a mechanism of formalising the responsibility and establishing accountability for management activities. For this project, it is crucial that either the established "Risk Committee" function or alternatively, the *m*SCOA steering committee oversee the *m*SCOA project risk management. These committee(s) efforts should identify further actions that may be needed to reduce *m*SCOA project risk to an acceptable level.

National Treasury is in the process of developing an *mSCOA* position paper providing guidance to internal auditors of piloting and non-piloting municipalities on specific areas of importance in the context of a municipality's annual audit plan. The position paper will formally be communicated to all municipalities once it is finalised.

2.2 The External Audit Process

Depending on the system application used by a municipality, the implementation of *mSCOA* may result in a system conversion/ or re-implementation. Furthermore, *mSCOA* implementation impacts significantly on the municipality as a whole as well as the business processes developed to assist in the smooth running of the municipality. These changes pose a high risk to the municipality if the contributing risk factors are not responsibly addressed by management. These risks will be considered by the Auditor-General when planning and conducting the annual audit of municipalities and their entities.



Municipalities, system vendors and consultants raised concerns on how mSCOA implementation will affect the audit process and potentially audit qualifications:

The Auditor-General prepared a position paper to explain their external audit consideration in the context of their Constitutional Audit Mandate. The main conclusions from the paper are that:

- The auditing process before and after *mSCOA* remains the same;
- Data conversion will be a risk and main focus in audits conducted during *mSCOA* implementation. As in the case of all systems changes, the Auditor-General will look in its IT grouping at access controls and general controls;
- *mSCOA* should not have an impact on GRAP reporting requirements;
- the Auditor-General does not foresee that *mSCOA* will have any impact on audit opinions, unless the entire system conversion/ or re-implementation is done in a manner that eliminates any audit trail. Also "Incorrect information" input into the system, before or after *mSCOA* will result in "incorrect output" and consequently have a possible negative impact on the audit outcome. As in the past, what an auditee does and the manner it conducts its business results in its audit opinion; and
- It is crucial that all municipalities now already map their respective

	<p>business processes to align with <i>m</i>SCOA requirements and processes.</p> <p>The <i>m</i>SCOA project team will soon release a <i>National Treasury mSCOA Position Paper</i> to formally communicate the position taken by the Auditor-General towards auditing the implementation, system application and way forward on auditing municipalities.</p>
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2.3 Reporting

One of the key design principles of *m*SCOA is to enable a central point of access for all local government information for usage by/ reporting to various stakeholders. Furthermore, *m*SCOA, being a classification framework for financial information, will improve data quality and integrity, by requiring the classification of transactions consistently across municipalities and from one financial year to the next. *m*SCOA necessitate the modernisation of existing systems, also those that produce/ contribute to municipal reports.

As part of *m*SCOA, the Local Government Database (LG Database) plays a crucial role to host and present (report) local government information. The *m*SCOA work stream: LG Database and Reporting is currently conducting a review of existing internal and external local government reporting.

The review follows a staged approach and only minimal changes will be effected during phase 1 of the 'report design phase'. Major *m*SCOA required changes, will only affect reporting in phase 2 of the reporting review. This approach provides municipalities the opportunity to fully adopt the *m*SCOA tables prior to the introduction of *m*SCOA aligned, revised reporting requirements. Any proposed updates to the various reports, including their content and presentation will be consulted on, before release.

Currently, only reports containing primarily financial information are being reviewed and include:

- Budget reporting formats 2015/16;
- In-year reporting formats as at 31 March 2015;
- Monthly section 71 returns;
- Illustrated annual financial statements (as published on the 'Office of the Accountant-General's (OAG)' – website on www.treasury.gov.za;
- Cities Infrastructure Delivery Management Systems (CIDMS);
- NERSA reporting tables (2012);

- DWA reporting tables (December 2013); and
- Management reports (defined by municipalities) to be customised by the various system developers.

Once the review is completed, the National Treasury will issue a position paper on reporting.

3. mSCOA and municipal entities:

In 2003, the MFMA established minimum financial management practices and reporting requirements for municipalities and municipal entities. Over-and-above the MFMA requirements, all the requirements of the mSCOA regulations apply to a municipal entity with effect 1 July 2017. When preparing to implement mSCOA and when aligning/ amending any system(s) specifications it is crucial that the parent municipality and its municipal entity(s) consider the following:

3.1 Current system(s) situation in municipal entities

The mSCOA pilot process revealed that most municipal entities have completely separate and often entirely different financial- and other system(s) from those used by their parent municipalities.

The MFMA, amongst other, requires that every municipality with a municipal entity(s) must *monthly prepare consolidated reporting* reflecting the combined information for the municipality plus all of its municipal entities. The different system(s) used in parent municipalities and their municipal entities significantly complicates consolidated reporting. As a consequence, several municipalities are not adhering to the MFMA and only consolidate the information of its municipal entity(s) annually as part of the annual financial statements. Other parent municipalities do monthly consolidated reporting but are often only able to include the information of their municipal entity(s) by using mapping² or other manual techniques. In all these cases there is a high risk that information is incorrectly consolidated and differently classified/ reported across the parent municipality and its municipal entity(s).

² Mapping – often the 'chart of accounts' used by the parent municipality differs from the 'chart of accounts' used by the municipal entity to classify transactions in their respective accounting records. Mapping means that the municipal entity's 'chart of accounts' is interpreted/ translated to the 'standard chart of accounts' of the parent municipality to enable consolidation of information into the accounting records of the parent municipality.

The *mSCOA* regulations provide the platform for parent municipalities and municipal entities to resolve this challenge. In this regard, the *mSCOA* regulations specify that the 'standard chart of accounts' of both the parent municipality and its municipal entity(s):

- must fully align to *mSCOA*;
- must accurately record all budget and financial transactions and data in the applicable segments; and
- may not contain data which is mapped or extrapolated or which otherwise does not reflect transactions recorded or measured by the municipality or municipal entity.

This means that the *mSCOA* regulations requires seamless integration³ between the system(s) implemented by the parent municipality and those system(s) implemented in the municipal entity(s). Parent municipalities are therefore urged to **integrate the system(s) implemented by their municipal entity(s) at a core level** to ensure that seamless *mSCOA* integration is achieved for the municipality as a whole. Below we discuss some questions relating to the integration of system(s) between parent municipalities and their entities, posed during the piloting process:



Does mSCOA seamless integration between financial system(s) mean one set of accounting records for the parent municipality and its municipal entity(s)?

A municipal entity is a legal entity in its own right, separate from its parent municipality. As such the MFMA requires that every municipal entity keeps and maintains separate accounting records from its parent municipality that meets the prescribed minimum requirements. Seamless integration allows that the parent municipality and municipal entity continue to transact on their separate sets of accounting records (books).

However, the MFMA is clear therein that should a municipality elect to provide services to the community using an external mechanism such as a municipal entity, the parent municipality remains fully accountable to the community for such municipal entity. In this context, the MFMA requires that the parent municipality in its reporting present consolidated positions for the budget, in-year reporting, the annual financial statements and the annual report that includes all the information of its municipal entity(s).

³ All hands out/ no interpretation (mapping) allowed in any communication required between systems.

Integrating system(s) where the parent municipality and municipal entity(s) have the same system(s):

In this case the parent municipality and municipal entity will each run their respective activities as separate businesses / (organisations) on a daily basis. However, monthly, every municipal entity's separate transactional data (on a high level) has to be rolled up/ integrated to reflect in its parent municipality's general ledger. The integration would typically reflect in the parent municipality's accounting records as a system journal.

Since *mSCOA* explicitly prohibits manual interaction, the detail information of the municipal entity should be accessible (able to be viewed) using the source document number from the municipal entity's system and/ or sub-system.

Integrating systems where the parent municipality and municipal entity(s) have different system(s):

In this case the parent municipality and municipal entity by the nature of using different systems, each, run their respective activities as separate businesses / (organisations) on a daily basis. However, monthly, when integrating/ (rolling up) the municipal entity's separate transactional data in its parent municipality's general ledger this will need to be done via web services or/ interface/ or similar technologies since *mSCOA* outlaws any human intervention.

Most pilot, parent municipalities in this situation elected to consolidate their separate information and that of their municipal entity(s) into one (1) platform / system solution. This allowed for seamless financial integration and also non-financial information such as Human Resources head counts, debtor analysis from sub systems, and asset information.

3.2 Preparing for *m*SCOA implementation in a municipal entity

When a parent municipality and its municipal entity(s) plan for the implementation of *m*SCOA across their respective organisations it is important to consider that for *m*SCOA purposes detailed transactional integration is required. No translation tables may be used between the different charts of entities and core financial systems. The standardised *m*SCOA chart must be embedded in both/ all systems and as such the data string originating from the municipal entity will inform the allocation to the receiving 'parent municipal' core system. In addition to this the budget allocations from the parent municipality's core system will inform the budget level and allocation on its municipal entity's system(s).

It is crucial that the parent municipality and/ or municipal entity's system specifications is very clear in this regard of what is required.

4. *m*SCOA Frequently Asked Questions:

To date various *m*SCOA related queries have been addressed through the *m*SCOA frequently asked questions (FAQ) database. The query numbers of some important queries and responses raised through the FAQ database are listed in **Annexure A** for non-pilot municipalities' consideration. The responses contain valuable information that can assist non-pilot municipalities to better understand the *m*SCOA tables and how similar challenges have been resolved by pilot - municipalities. All the information can be accessed from the FAQ database.

You can access the database or (if you have not yet registered as a user) register on the FAQ database at the following link: <http://mscoafaq.treasury.gov.za/Main.aspx>

We have included guidance on how to extract queries or register a new query on the FAQ database in **Annexure B** to this circular.

5. *m*SCOA Project Management Support:

5.1 *m*SCOA Project Sponsor: Role and responsibility

In Municipal SCOA Circular No.1, municipalities were advised as part of the *m*SCOA project kick off to register a formal *m*SCOA project in the municipality with a project sponsor, steering

committee (including a terms of reference) and a suitable governance structure to oversee the implementation. It is of course equally important that the provincial treasury (supporting municipalities with *mSCOA* implementation) also has a project sponsor for its "*mSCOA* support" - project.

A number of stakeholders have asked us, what is a project sponsor and what does his/ her responsibilities entail? In this part we will be discussing the generic role and responsibilities of the *mSCOA* project sponsor. Depending on the circumstances in your municipality, you may want to align the project sponsor's role and responsibilities to your specific circumstances.

Ideally the project sponsor is an active senior manager within the municipality/ or provincial treasury that is well respected and has a lot of influence within and outside the organisation. The sponsor ensures that the project remains a viable proposition and that benefits are realised. The project sponsor will typically resolve any issues outside the control of the project manager.


The project sponsor is responsible to the municipality/ or provincial treasury for the success of the *mSCOA* project. The project sponsor should therefore be a senior executive in the municipality/ or provincial treasury that understands and can identify the business need to have *mSCOA* in the first place. The project sponsor must be a person that can explain the business problem or current situation (situation 'as is' without *mSCOA*) and the opportunities or advantages of the project to the organisation (when *mSCOA* will be 'business as usual' in the municipality after its implementation).


The project sponsor acts as the advocate or lead supporter of the project and also has a role in the management of the *mSCOA* project. Usually the project sponsor is a senior member of the *mSCOA* project steering committee (often the chairperson).




Responsibility – The project sponsor acts as the *mSCOA* representative of the organisation to the world 'outside' of the municipality/ or provincial treasury and plays a *vital leadership role* through:

- providing 'championship' for the project, including selling and marketing *mSCOA* throughout the organisation;
- providing business expertise and guidance to the *mSCOA* project manager;
- acting as the link between the *mSCOA* project, the business community

	<p>(Internal and external to the organisation) and perhaps most importantly, management decision making groups;</p> <ul style="list-style-type: none"> • acting as an arbitrator and making key decisions that may be beyond the authority of the project manager; and • acting as chairperson of the <i>mSCOA</i> Steering Committee.
<p style="text-align: center;"><i>The project sponsor has a number of interfaces and responsibilities for the mSCOA project</i></p>	
	<p>Responsibility – The project sponsor is accountable to the municipal council/ or provincial executive (in the case of a provincial treasury project sponsor) for:</p> <ul style="list-style-type: none"> • Providing leadership on culture and values to the <i>mSCOA</i> project; • Owning the <i>mSCOA</i> business case; • Keeping the <i>mSCOA</i> project aligned with the municipality/ or provincial treasury's strategy and direction; • Governing project risk; • Working with other sponsors; • Realising the benefits of <i>mSCOA</i> for the organisation; • Recommending opportunities to optimise cost/ benefits; • Ensuring continuity of sponsorship; • Providing assurance; and • Providing regular feedback and lessons learnt. <p>Responsibility – There are several governance activities that should take place between the <i>mSCOA</i> project sponsor and the <i>mSCOA</i> project manager, including:</p> <ul style="list-style-type: none"> • Providing timely decisions; • Clarify the decision making framework for the <i>mSCOA</i> project; • Clarify the municipality/ or provincial treasury's business priorities and strategy; • Communicate business issues; • Provide resources (funding, human – and other);

	<ul style="list-style-type: none"> • Engender trust; • Manage relationships; • Support the <i>m</i>SCOA project manager's role; and • Promote ethical working.
	<p>Responsibility – In addition, the project sponsor should be involved in the following activities with other stakeholders:</p> <ul style="list-style-type: none"> • Engaging stakeholders; • Governing stakeholder communications; • Directing client/ community relationships; • Directing the governance of <i>m</i>SCOA users and (ultimately the impact of <i>m</i>SCOA on the service delivery to) the community; • Directing the governance of suppliers (Impacted by <i>m</i>SCOA); and • Arbitrating between stakeholders as challenges may arise with the implementation of <i>m</i>SCOA.

The project sponsor definitely has a 'problem solving' role within the *m*SCOA project and often needs to be able to exert pressure within the municipality/ or provincial treasury to overcome resistance to the *m*SCOA project. For this reason a successful project sponsor will ideally be a person with five personal attributes - **understanding, competence, credibility, commitment and ability to engage.**

	<p>"Appointment of an <i>m</i>SCOA project sponsor –</p> <p>To assist municipalities and provincial treasuries, an example "<i>m</i>SCOA project sponsor" – agreement is included in Annexure C. It is important that any municipality/ provincial treasury that uses the example, aligns the example to the specific circumstances in the particular organisation.</p> <p>Additional information – There is a host of information available on the role of "project sponsors", and you may also wish to refer to these, including for example the following link:</p> <p>http://philrichardson.co.uk/pa450/teamwork/sp_inout.htm</p>
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5.2 Charter for each work stream

From the pilot process, it is recommended that the *m*SCOA implementation project in every municipality should, as a minimum, include nine (9) work streams to support the project manager and execute the implementation of *m*SCOA in the municipality. In this regard the proposed nine (9) work streams are:

- Commissioning an *m*SCOA steering committee (governance structure);
- IT infrastructure and network;
- Verification of current vote structure to *m*SCOA segments;
- Data cleansing;
- Human Resources (HR) & payroll;
- Planning (Integrated Development Plan (IDP), Budget, Service Delivery- and Budget Implementation Plan (SDBIP), Performance Management (PM));
- Core system, additional or sub systems;
- Real estate, land use and grant management; and
- Document management.

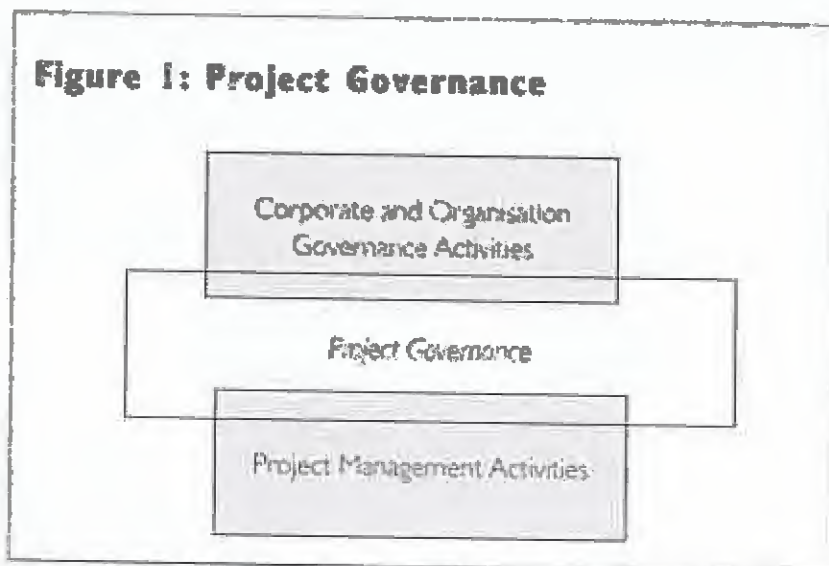
Every work stream should have a charter. A charter for the work stream establishes the work stream's authority and right to make decisions; execute the activities necessary to deliver agreed work and communicates support from the steering committee and project sponsor. The charter does not have to be a complicated document and should contain the following minimum information:

- 5.2.1 The name and purpose of the work stream, and a statement of support from the issuer (Municipal Manager);
- 5.2.2 A short description of what needs to be done by the work stream;
- 5.2.3 The benefits to be achieved by the deliverables;
- 5.2.4 Who will need to be involved/ has been assigned to this work stream;
- 5.2.5 How and when the activities will be undertaken; and
- 5.2.6 The quality expectations or acceptance criteria for the deliverables.

The work stream charter is not a detailed work plan for the team, but rather represents the mandate for this team to become involved and initiate the assigned work activities.

5.3 mSCOA Project Governance Structure

Project governance ensures that the mSCOA project is done well and includes policies, regulations, functions, processes, procedures and responsibilities that generally should define the establishment, management and control of projects. In this regard the municipality's mSCOA steering committee play an important role in executing project governance and this can be illustrated as follows:



Source: www.gov.uk/government

The main project governance activities include:

- Providing direction to the project;
- Project ownership, sponsorship and oversight;
- Ensuring the effectiveness and efficiency of the project management functions; and
- Reporting and disclosure (including consulting with internal and external stakeholders).

These activities, together with the size and complexity of the mSCOA project in the municipality, should inform the mSCOA steering committee structure in your specific municipality.

The project governance structure (a temporary structure established for the duration of the mSCOA project within the mSCOA steering committee) should ideally be chaired by the project sponsor. As discussed above the project sponsor could be the Municipal Manager or a Councillor or other senior person in the municipality. Furthermore, the project governance

structure should include members of senior management (heads of departments) and portfolio committee members.

The project manager should attend meetings of the project governance structure to report progress with the implementation of the *mSCOA* project. The Chief Internal Auditor and Risk Manager should provide advisory and assurance services to the project governance structure. It is crucial that the project governance structure is adequately trained to perform the duties required of them.

The Treasury Department of the United Kingdom published: "Project Governance: a guidance note for public sector projects", which can be accessed at www.gov.uk/government for further reading on this topic.

6. Early Adopting of *mSCOA*

The National Treasury received several requests from non-pilot municipalities wanting to early adopt *mSCOA*. During the pilot phase some municipalities that requested this were supported. However, we have passed the stage where "early adopting" is a possibility since all municipalities are by the nature of the current timing in the stage of "*preparing for mSCOA implementation*". It is therefore crucial to understand that 1 July 2017 is the outer compliance date for going live with *mSCOA* across the municipality's organisation and in its IT system(s). All municipalities are therefore urged at this stage to prepare for their implementation of *mSCOA* and to do so at an earlier date to ensure all implementation challenges are resolved by 1 July 2017.

While it is acknowledged that the positioning of the various financial systems (vendors/ service providers) in support of the *mSCOA* classification framework is an important consideration, it is only one aspect in creating an enabling environment for *mSCOA* implementation. Municipalities are strongly advised to revert back to Municipal SCOA Circulars No. 1 and 2 for guidance as to what can be done immediately and not hold the project at ransom on the premise that the current status of financial systems is unknown.

The National Treasury is in the process of releasing a follow-up circular to MFMA Circular No. 57 which will provide the necessary business process requirements as it relates to the financial system functionality.

To support municipalities, the National Treasury are training officials and issuing Municipal SCOA Circulars in anticipation of the work that municipalities are required to conduct prior to being able to "go live" with *mSCOA* across the organisation and on the respective IT system(s).

7. *mSCOA* Training: what is available

It is important that officials across the business of the municipality as well as broader role players understand the usefulness of standardising the classification framework in local government (*mSCOA*). Consequently, as part of *mSCOA* project phase 4: Change Management and Transition, both non-financial and financial officials are prioritised for training. Training initiatives rolled out to date to: (a) create *mSCOA* awareness across all nine (9) provinces and (b) prepare pilot municipalities for *mSCOA* implementation, have been discussed in previous Municipal SCOA Circulars. It is important to note that none of the training provides for or include IT system based training.

Currently a **three (3) day non accredited training programme** is offered specifically to non-pilot municipalities. This training programme is funded by the National Treasury and is clustered around municipal districts. 44 of these training sessions are currently being rolled out since 13 October 2015 until 4 February 2016. The respective provincial treasuries will contact municipalities (the chief financial officers) to nominate individuals for the training. Municipalities are urged to make use of this opportunity as it will not be repeated.

It is envisaged that accredited *mSCOA* training (fitting within the existing competency framework) will be available from February 2016. The National Treasury has partnered with the Institute of Municipal Finance Officers (IMFO) for this purpose. Once the unit standards have been finalised and the accreditation process of trainers' institutionalised municipalities will be guided on training in future Municipal SCOA Circulars.

Although the National Treasury recognise the significant interest to capacitate officials in *mSCOA*, municipalities are again urged, to only make use of existing National Treasury non-accredited training as explained in Municipal SCOA Circular No. 2. Municipalities can liaise with their respective provincial treasuries to facilitate the necessary arrangements for these training sessions.

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02 November 2015



NATIONAL TREASURY

Municipal SCOA Circular No. 4

Municipal Finance Management Act No. 56 of 2003

Municipal SCOA Circular 4 – Implementation

mSCOA is a business reform - It is therefore important that this circular is distributed to all senior managers and other relevant officials throughout the municipality

This circular introduces the Municipal Regulations on a Standard Chart of Accounts (*mSCOA*) to non-pilot municipalities in preparation for full *mSCOA* compliance by the outer compliance date of 1 July 2017. This is the fourth in a series of *mSCOA* circulars. Municipalities can use the Municipal SCOA circulars to assess whether they are on track in achieving *mSCOA* implementation.

CONTENTS:

1. DISCUSSION- FREQUENTLY ASKED QUESTIONS (FAQ)	2
1.1 POSTING LEVELS (CURRENTLY NOT DEFINED OWING TO LIMITED DETAIL): TRANSFERS AND SUBSIDIES – FROM PROVINCIAL DEPARTMENTS TO MUNICIPALITIES	3
1.2 POSTING LEVELS (CURRENTLY NOT DEFINED OWING TO LIMITED DETAIL): TRANSFERS AND SUBSIDIES – FROM DISTRICT MUNICIPALITIES TO OTHER MUNICIPALITIES	5
2. MSCOA PROJECT IMPLEMENTATION – SUPPORT	6
2.1 CHANGE MANAGEMENT AND MSCOA:	6
2.2 THE PSYCHOLOGY OF CHANGE	6
2.2.1 <i>mSCOA: Changing the Head</i>	7
2.2.2 <i>mSCOA: Changing the Heart</i>	8
2.2.3 <i>mSCOA: Changing the Hands</i>	9
2.3 MSCOA - PROJECT RISK MANAGEMENT:	10
2.4 MSCOA PROJECT ISSUE LOG	11
2.5 MSCOA - DATA PURIFICATION:	12
2.5.1 <i>System(s) conversion/ migration</i>	12
2.5.2 <i>mSCOA conversion - transferring information between system(s)</i>	12
2.6 THE NATURE AND ETHICS OF THE MSCOA PROJECT	15
3. PROVINCIAL TREASURY SUPPORT – MSCOA IMPLEMENTATION	15
3.1 ROLE AND TERMS OF REFERENCE FOR PROVINCIAL TREASURIES	15
3.2 PROVINCIAL TREASURIES: FRAMEWORK FOR AN MSCOA PROJECT PLAN	16
3.3 PROVINCIAL TREASURY MSCOA ADVISORS	16
4. SELF-ASSESSMENT TOOL: MUNICIPALITIES AND PROVINCIAL TREASURIES	17

1. Discussion- Frequently Asked Questions (FAQ)

We updated the mSCOA website and it now includes a direct link to the mSCOA Frequently Asked Questions (mSCOA FAQ) Database "04. mSCOA FAQ":

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

In this section we discuss a selection of questions from the mSCOA frequently asked questions (FAQ) Database. We selected questions dealing with posting level detail to guide you and ensure a common understanding of the mSCOA requirements.



What is a posting level?

Each mSCOA segment has a classification structure. Every transaction is captured/ 'posted' in this structure at a specific level. These specific posting levels (defined in the classification structure) have been designed to provide for consistent information for reporting purposes: for example the budget reporting tables; annual financial statements prepared in compliance with the Standards of GRAP; and specific stakeholder requirements such as NERSA or DWA.

The mSCOA classification framework defines the posting level accounts (*supported by definitions*) to assist users in selecting the applicable account. The definition set is commonly known as "Metadata or Core". Municipalities are required, in certain instances and depending on the particular Segment, to add detail to mSCOA Tables through "breakdown required". This implies that the municipality must add the positing level and give a description for the account as per the guidance given in the Project Document relevant to the Segment and Group of Accounts.

In summary, detail can be added to the mSCOA table for a *specific municipality* in the following cases:

- Project Segment – defines operational and capital projects within the classification structure provided. The municipality is responsible for defining the project, expanding the code structure and the account description.
- Item Segment – adding detail related to Cash and Cash Equivalents, Investments, Borrowings and Bank Overdrafts. In addition, also information for adding posting level


accounts for agency services within the revenue component of the Item Segment. Similar to the above requirements the posting level relates to a specific account and institution.

- **Fund Segment** - adding detail related to Cash and Cash Equivalents, Investments, Borrowings and Bank Overdrafts. Similar to the above requirements the posting level relates to the specific account and institution.
- **Function Segment** – adding sub-sub-function to the existing sub-function in the case where the Municipal Standard Classification is not in use.


It is important to note that additional classification detail *not provided for in the above breakdown required detail*, must be submitted to the FAQ Database (as a request) for consideration by the National Treasury.

For transfers and subsidies made by provincial government and district municipalities, posting levels have not been fully and comprehensively defined in Version 5.4 of the mSCOA Tables (with the exception of information provided by the pilot municipalities). The structure (within which the posting level detail needs to be set-up/ structured) provides for classification comparison across all municipalities, provincial government and district municipalities. Unless the National Treasury collects this information, incorporates it into the mSCOA classification framework, and defines the posting levels, it means that a broad spectrum of municipalities will not be able to transact at this level. Please refer in this regard to the detailed discussion in the paragraphs to follow:

1.1 Posting Levels (currently not defined owing to limited detail): Transfers and Subsidies - from provincial departments to municipalities

	mSCOA segments relevant here:		
	Item Segment	Revenue	Non-exchange Revenue/ Transfers and Subsidies Provincial Government
	Item Segment	Assets	Current Assets Receivables from Transfers and Subsidies/ Provincial Government
	Item Segment	Liabilities	Current Liabilities unspent from Transfers and Subsidies/ Provincial Government
	Funding Segment	Fund	Transfers and Subsidies/ Provincial Government

The classification (reporting) structure of mSCOA applies the 'purpose' or 'nature' (function served) to determine the posting level of a transfer and/ or subsidy within the structure (refer to the table above). This classification (reporting) structure provides criteria that enable comparison across municipalities and provinces:

	<p>Example 1:</p> <p>Collecting information (according to this classification/ reporting) structure enables a comparison across provinces and district municipalities. Through the utilisation of the classification (reporting) structure we obtain statistical information that will inform decision making, planning and whole-of-government reporting requirements.</p> <p>For example – if all provinces and municipalities use the same classification (reporting) structure we can collect the:</p> <ul style="list-style-type: none"> (i) actual Rand value of transfers made by each province to health services; and (ii) actual Rand value of transfers made by different provinces to all the district municipalities.
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The criteria (categories) currently included in the reporting structure (Local Government Database) for transfers and/ or subsidies from provincial departments to municipalities are:


Health	Maintenance of Road Infrastructure
Public Transport	Maintenance of Water Supply Infrastructure
Housing	Maintenance of Waste Water Infrastructure
Sports and Recreation	Capacity Building
Disaster and Emergency Services	Other
Libraries, Archives and Museums	

Provincial departments therefore have to provide their specific allocations (detailed specifications) to the National Treasury, which is then included annually or in the next mSCOA release (whichever is earlier). mSCOA Version 5.4 already includes information provided by municipalities relevant to KwaZulu-Natal, Western Cape and the Eastern Cape.

Every provincial department is requested to urgently provide its specific allocations (detailed specifications) to the National Treasury by no later than Thursday, 31 March 2016 to lgdocuments@treasury.gov.za, for inclusion in the next mSCOA release. In this regard, each provincial treasury must coordinate this effort in the province and extend this

request to the relevant official(s) in every provincial department. A formal letter to this effect will be issued in due course.

1.2 Posting levels (currently not defined owing to limited detail): Transfers and Subsidies – from district municipalities to other municipalities

	mSCOA segments relevant here:		
	Item Segment	Revenue	Non-exchange Revenue/ Transfers and Subsidies District Municipalities
	Item Segment	Assets	Current Assets Receivables from Transfers and Subsidies/ District Municipalities
	Item Segment	Liabilities	Current Liabilities unspent from Transfers and Subsidies/ District Municipalities
	Funding Segment	Fund	Transfers and Subsidies/ District Municipalities

The design principles for *transfers from district municipalities* are based on the same classification (reporting) structure as applied to transfers and subsidies from provincial departments; *namely purpose or nature* (function served). The collection of information according to this classification (reporting) structure enables, among others, a comparison across provinces and district municipalities. This classification (reporting) structure enables statistical reporting through the Local Government Database (LG Database) which in turn informs decision making, planning and whole-of-government reporting requirements.

The **criteria (categories)** currently included in the reporting structure (Local Government Database) for **transfers and/ or subsidies from district municipalities to other municipalities** are:

Community and Social Services	Public Safety
Environmental Protection	Road Transport
Executive and Council	Sport and Recreation
Finance and Admin	Waste Water Management
Health	Water
Housing	Planning and Development

To ensure completeness of the *mSCOA* classification framework district municipalities must provide the required detail relating to transfers and subsidies to the National Treasury, which will then be included annually or in the next *mSCOA* release (whichever is earlier). *mSCOA*

Version 5.4 already includes classification information provided by some district municipalities in KwaZulu Natal, Western Cape and the Eastern Cape.

District municipalities are requested to urgently provide their specific allocations (detailed specifications) to the National Treasury by no later than Thursday, 31 March 2016 to lgdocuments@treasury.gov.za, which will be included in the next mSCOA release.

2. mSCOA Project Implementation – Support

2.1 Change Management and mSCOA:

The National Treasury has received numerous requests for support from municipalities to get their broader organisations on board with the mSCOA reform. This section of the circular discusses how a municipality can go about change management by themselves. Firstly, we will be discussing the psychology of change and what should be considered to make a successful change. Then we will elaborate on available tools and support that can be used during the change involved or the process of implementing mSCOA.

2.2 The Psychology of Change

People are complex individual beings, operating simultaneously from at least three (3) levels namely, the physical (body), through feelings/ emotions and by thinking (mental/ reasoning). All these impact on one another and are interrelated. When required to make a change, as a minimum, these three (3) levels have to be involved and integrated to ensure a person:

- (a) understands the change (**thinking/ mental/ reasoning**);
- (b) feels that the change is achievable. In other words, the person feels that he/ she is able to make the change and actually wants to achieve the change (**feelings/ emotions**); and
- (c) actually change. Act or do something to change (**physical body**).

In the mSCOA change management process we refer to these matters as the **Head, Heart and Hands** of every individual in the mSCOA implementation (refer to the illustration below). It addresses cognitive (reasoning/ mental) processes, emotions and business execution and/ or business processes, including new standard operating procedures (SOPs).



2.2.1 mSCOA: Changing the Head

To address the **cognitive processes (Head)** we have to create an understanding of mSCOA by stakeholders across the organisation. We do this through (i) mSCOA awareness (introduction) sessions and (ii) by training all municipal stakeholders (municipal councillors, senior management and officials). Training for a municipal councillor will of course be different from the mSCOA training of a finance official and again different for non-financial officials.

Training opportunities and mSCOA awareness sessions offered by the National Treasury have been addressed in earlier mSCOA circulars and include:

1. *Awareness training for Councillors* facilitated by the South African Local Government Association (SALGA). Please contact your National and/ or provincial SALGA directly in this regard;
2. *Three-day non-accredited mSCOA training* for non-pilot municipalities. The provincial treasuries are currently facilitating these sessions per municipal district; and
3. *Accredited mSCOA training* for financial and non-financial practitioners. The Institute of Municipal Finance Officers (IMFO) is facilitating this training in cooperation with the National Treasury from March 2016.

The mSCOA project team of the municipality/ provincial treasury is encouraged to already now embark on mSCOA awareness sessions across the organisation. The **"Demystifying mSCOA"** presentations used by the National Treasury in the one (1) day training sessions can be used 'as is' or aligned to the municipality's specific needs for this purpose. All the presentations and training material is available and can be downloaded from **"03. mSCOA Training"** on the following link:

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

2.2.2 mSCOA: Changing the Heart

Change can be frightening. It is important to guide and support officials through the change (brought about by mSCOA) from project inception till mSCOA has become “business as usual” for the municipality.

The best way to address the **emotional aspects** related to mSCOA implementation is through constant and positive communication with all the individuals affected by the change.

In this regard it is important to involve all individuals (affected by mSCOA across the organisation) to:

- define and implement their own solutions (create ownership of their part in mSCOA implementation);
- articulate the benefits that implementing mSCOA will have for the individual; and
- celebrate every small victory which is achieved.

The National Treasury mSCOA Project Team also uses self-assessments and ‘competing with oneself’ to facilitate progress in this area. Municipalities and provincial treasuries are encouraged to do the same:



How to self-assess mSCOA progress:


Example 2:

You can use the Municipal SCOA Circulars as well as the ‘non-pilot and provincial treasury self-assessment tool’ (attached in Annexure B1 and B2 respectively) as assessment tools (checklists). We recommend that you compare your progress (every 2 months) with the targeted timeframes for mSCOA implementation explained in the Municipal SCOA Circulars. This will provide a good indication to you, whether you are on track or need to fast track your implementation.

Municipality and provincial treasury teams are welcome to use the slides and templates provided by the National Treasury to articulate the mSCOA messages within the municipality

or in their *mSCOA* support. These tools assist to facilitate ownership and progress, towards small victories and eventual successful *mSCOA* implementation (including compliance).

Municipalities should also attend the provincial Integrated Consultative Forum (ICF) and/ or related provincial forums, including encouraging the broad participation from municipal stakeholders. Municipalities can also call on the National Treasury and the relevant provincial treasury, pilot municipalities and vendors to assist them to articulate correct and inspiring *mSCOA* messages to communicate across the municipality's organisation.

	<p><i>What other ideas did pilot municipalities have to communicate mSCOA across their organisation?</i></p> <p>Other ideas for <i>mSCOA</i> communication are to:</p> <ul style="list-style-type: none"> (i) distribute posters or newsletters in the municipality and/ or province; (ii) establish a dedicated repository where officials can find information about <i>mSCOA</i> and the project as it relates to the municipality. Communicate widely where this repository can be found; (iii) distribute regular <i>mSCOA</i> information snippets through the intranet/ or e-mail to officials; and/ or (iv) open brown bag information sessions ¹ in the municipality.
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We attach an example "*mSCOA* information" presentation in **Annexure A**. The presentation basically sets out the role of the municipality and provincial treasury and high-level activities of both during this phase four (4) of *mSCOA* implementation. Stakeholders are welcome to use and customise the presentation for their specific meeting(s) and/ or municipal forums.

2.2.3 *mSCOA*: Changing the Hands

The **hands** in the proposed change management strategy refer to doing things, getting involved and taking action. *mSCOA* is an organisational reform and as such, includes all employees, departments and functions in the municipality. Individuals should be encouraged not only to review their own business activities to identify the changes brought about by *mSCOA* implementation, but also to get involved in the municipal project implementation.

¹ A 'brown bag session', refers to an informal *mSCOA* discussion over lunch. Everyone brings their own lunch (brown bag) and there are *mSCOA* knowledgeable officials present to address questions/ guide the discussion. It can take place anywhere. It is an informal exchange of *mSCOA* knowledge.

If the mSCOA project activities are broken down into small deliverables, these become easily manageable and nobody is overloaded or over-worked. To this end, the municipality's mSCOA project implementation team should break down their respective work stream activities into smaller actions and nominate officials from the various user departments to help with these.

2.3 mSCOA - Project Risk Management:

Risk, or the uncertainty of outcome, is inevitable and a part of life, also of the mSCOA project. The project team and all the municipal officials must manage, control and contain risk; and limit the exposure of the municipality including, taking action to ensure the success of the project. Risk management at the project level focuses on keeping unwanted outcomes to an acceptable minimum. Where project partners such as vendors are involved, it is important to gain a shared view of the risks and how these will be managed.

Risk management in the context of the mSCOA project, involves:

- Access to reliable and up-to-date information related to project risk;
- That management make decisions informed by and considering the regular risk analysis and evaluation;
- Risk ownership. This involves assigning risks to a specific individual(s) to manage;
- Processes to contain and monitor risk; and
- A balance between mitigation measures, cost and benefits.

The municipality's mSCOA project steering committee should consider the amount of risk they are prepared to tolerate, before they can decide what to do about the mSCOA project risks that were identified. The risk and audit committee of the municipality, based on the risk policies of the municipality should provide guidance to the municipality's mSCOA project steering committee.

The risk tolerance (*how much risk are we prepared to tolerate*) of a municipality can vary according to the perceived importance of every risk. Risk should also be related to a tolerance parameter like the risk of completion within the set timeframes and budget, the acceptable quality of the completed project, the project scope, the risk of political embarrassment and the consequences of project failure. Factors like these can influence the risk tolerance for certain risks.

The municipality should compile a risk register for every key project in the municipality. All these project risk registers, inform the municipal risk register. The municipality has to identify both strategic and operational mSCOA risks for inclusion in the project risk register. However, it is important to fully investigate and analyse project risks before including such in the project risk register.


An example of a project risk register (**Annexure C1**) and examples of project risks (**Annexure C2**) have been included for your consideration. When a municipality compiles its mSCOA project risk registers, the examples and mSCOA risk template (**Annexure C3**) should be considered for guidance. Once in place, these risk registers should:

- Regularly be reviewed by the municipality's mSCOA project steering committee;
- on/ before Thursday, 31 March 2016 (and thereafter every six (6) weeks) be –
 - o submitted to the relevant provincial treasury for review; and
 - o to lgdocuments@treasury.gov.za for uploading on the local government (LG) database and mSCOA risk matrix.

2.4 mSCOA Project Issue Log

Every project, including the municipality's mSCOA project should have an issue log. Key decisions made during the execution of the project should be captured in the project issue log. The issue log forms part of the 'project knowledge' which is captured and documented for future use and understanding of the project implementation rationale. Internal- and external auditors use the issue logs during their audit.

Issues differ from risks in their very nature. A risk refers to a **future uncertain outcome**, which is mitigated and managed to reduce the possible negative impact it could have. An **issue** refers to **something that is happening at the present time**, and needs key decisions in terms of approach and resolution. Once the decisions have been implemented, the issue is closed and recorded for future reference, and the project implementation moves on:

	<p>The examples below illustrate the difference between a <u>risk</u> and an <u>issue</u>:</p> <p>Example 3:</p> <p>Risk – Will the municipality's general ledger be capable of accommodating all seven (7) of the mSCOA segments?</p> <p>Issue – The municipality's existing general ledger can only accommodate four (4) of the mSCOA segments. How will we change our general ledger</p>
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	<p><i>to accommodate all seven (7) of the mSCOA segments?</i></p> <p>Example 4:</p> <p>Risk – Will the municipality be able to integrate the human resources (HR) system with the core financials as required by the mSCOA Regulations (compliant)?</p> <p>Issue – <i>During the system's testing we realised the HR system does not integrate with the core financials. How should we integrate the HR system with the core financials to meet the mSCOA requirements (compliance)?</i></p>
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It is clear from these examples that in many cases, risks are addressed by key decisions of the project team (issue resolution). The success of the action which was taken, determines the outcome of the project (in other words was the risk successfully mitigated). This is however, not always the case.

To support municipalities and provincial treasuries, an example project issue log is included in **Annexure D** to this Circular.

2.5 mSCOA - Data Purification:

2.5.1 System(s) conversion/ migration

The mSCOA pilot process taught that mSCOA implementation in a municipality does not necessarily result in a system conversion/ migration. A system conversion/ migration refers to:

- (a) An extension or renewal or upgrade of an existing system(s); and/ or
- (b) Procuring a new system(s).

The National Treasury will soon replace MFMA Circular No. 57 with updated minimum business processes and system specifications that must inform a municipality's system(s) conversion/ migration. However, once a municipality has followed due process in terms of the National Treasury's guidance and decide on a way forward in its system(s) conversion/ migration, the transfer of information (between system(s)) is crucial:

2.5.2 mSCOA conversion - transferring Information between system(s)

Before any municipality transfers its information from its existing system(s) to its mSCOA aligned system(s), it is crucial to make sure that the information (to be transferred) is correct and of good quality.

The process to prepare the municipality's information (ensuring it is correct and of good quality) is referred to as "Data Purification". Data purification is an ongoing process of updating and/ or maintaining information and removing redundant, aged and inaccurate information.

mSCOA does not fix poor quality 'Input Information'. All of the pilot municipalities indicated that the quality of their information was a key challenge in converting to mSCOA aligned system(s). Where pilot municipalities transferred poor quality information to their (new) mSCOA aligned systems, the testing of the system(s) proved that: "garbage in – garbage out" was true. The municipality must ensure that the *IT controls instituted in the municipality include attending to the data on an ongoing basis*. All non-pilot municipalities are urged to **start with a process of data purification** as soon as possible.

What information needs to be purified?

The municipality should identify all information (balance sheet account balances) related to its:

- (i) core financial system(s);
- (ii) all sub systems which are to be integrated with the core system(s); and
- (iii) all other data affecting any of these systems.

Essentially, all of these data sets have a direct bearing on the audit outcome of the municipality (before and after implementing mSCOA).

Examples of Information that should be 'purified':

- Human Resources (HR) information such as the data of employees and Individual/ personal contractors²;
- Asset data (e.g. the GRAP 17 asset register)³;

² The exercise should include:

- Checking every position on the organisational structure and comparing it with the function performed; and
- The municipality must conduct a head count that (a) requires every employee to bring a *bank account verification letter* from their bank; and (b) confirming the level of the person, for example section 57 management or ordinary permanent employee?
- Verifying the nature of contractual arrangements for every contracted employee/ service provider.

- Vendor register/ supplier database⁴;
- Creditors' data records⁵;
- Debtors' data records⁶;
- Valuation roll reconciliation, interim valuations and zoning/ use of properties⁷;
- Reconciliation of vote/ account numbers (balance sheet items);
- Clearing of all suspense/ clearing accounts, etc. Resolve any remaining items before take on of balances⁸.

What should be done:

1. The municipality should review each of these data sets individually. The review must include, scrutinising the information to ensure that it is complete, correct and securely stored;
2. Keep and maintain a document trail of the 'data purification process';
3. Keep and maintain a record of all amendments and updates made to information. These records have to be signed by a person authorised to do so in the municipality's formal delegations; and
4. The **closing balances** of the municipality's system(s) **before converting to mSCOA**, together with a **detailed reconciliation with the take on balances of the mSCOA aligned system**, duly reviewed and authorised, also needs to be kept.

³ For this exercise it would be useful to divide the municipality's assets into different classes of assets and then tackle the 'classes of assets' one at a time. The exercise should include (a) the physical verification of assets, (b) checking the correct asset class on the asset register for every asset and assignment aligned to the mSCOA chart, and (c) integration of this information into the financial system if the "asset system" is not on the same core system.

⁴ Vendor register/ supplier database: this would include checking tax certificates, insurance policy details and expiry date, comparing the vendor register/ supplier database with the National Treasury black list and remove vendors/ suppliers from the list if required, CIPC (*old CIPRO*) comparison, ID and bank account comparison with employees, check whether any vendor/ supplier has outstanding municipal accounts; etc.

⁵ Creditors: conduct a similar exercise as what was done for the vendor/ supplier database. Additionally, assess (a) the top creditors in terms of money - who are they, what are we paying for and is there a contract and service level agreement in place? (b) the top creditors in terms of number of payments - who are they, what are we paying for and is there a contract and service level agreement in place?

⁶ Debtors: check property, meter numbers, valuation, registration, municipal account and contact details, zoning and consent use, tariff type or class, who are the top debtors and what do their accounts look like? Who is managing the relationship with these debtors?

⁷ Reconciliation of valuation roll with billing information, review zoning and use of properties to ensure correct tariffs are charged, insure that all interim valuations have been updated on the system.

⁸ No suspense account can be migrated, for example all control accounts should reconcile before being migrated.

2.6 The Nature and Ethics of the mSCOA Project

Given the strategic nature of the mSCOA project and the close interaction government officials have with system vendors, it is highly recommended that every official who is involved or appointed to an mSCOA committee and/ or working group in the municipality, is required to sign a "Code of Ethics" and non-disclosure agreement as these relate to the municipality's mSCOA project. An example "Code of Ethics" and "non-disclosure agreement" are attached in Annexures E and F.

3. Provincial Treasury Support – mSCOA implementation

In terms of the National Treasury, MFMA delegations to the provincial treasuries, the National Treasury is directly responsible to support the 17 non-delegated municipalities. These include the eight (8) metropolitan municipalities and nine (9) secondary cities. The provincial treasuries are responsible to support the remaining 261 delegated municipalities. The MFMA delegations require financial management support, monitoring and oversight, including for financial management related projects such as mSCOA implementation and compliance.

The National Treasury as part of mSCOA project phase 4 provides extensive support and guidance to all provincial treasuries to enable them to fulfil their oversight, monitoring and support role in terms of the mSCOA project:

3.1 Role and Terms of Reference for Provincial Treasuries

At this stage in mSCOA implementation, the provincial treasury should have:

- an established mSCOA Provincial Steering Committee;
- appointed an mSCOA project sponsor (ideally the HOD or PAG) and project manager for the province;
- established an mSCOA Integrated Consultative Forum (ICF) for the province or identified an existing communication structure/ or forum and amended its Terms of Reference (ToR) to use it as an mSCOA communication forum;
- hosted the launch meeting for its mSCOA ICF/ or related forum; and
- planned and communicated its second provincial mSCOA ICF to take place within March/ April 2016 and thereafter quarterly.

We included example terms of references (ToR's) for the *project steering committee* and *project implementation team* in Municipal SCOA Circular No. 1. An example of a *project sponsor appointment letter* was included in Municipal SCOA Circular No. 3. The provincial

treasury is welcome to use and align these examples to their specific organisational requirements.

The provincial treasury can freely structure the provincial team to best suit the provincial mSCOA needs and circumstances. A possible mSCOA committee structure could include strategic and tactical committees, district level committees, governance, oversight, technical and audit committees, and municipal manager (MM)-, chief financial officer (CFO)- and municipal councillor committees.

3.2 Provincial Treasuries: Framework for an mSCOA Project Plan

At this stage of mSCOA project implementation and support, the provincial treasury should already have an mSCOA project plan in place. To support provincial treasuries, we have included an example framework for a high-level project plan⁹ in **Annexure G**. The provincial treasury is welcome to use the example and align it to their particular circumstances to guide the mSCOA support activities in the province.

The provincial team should prepare milestone reports and submit these to the provincial mSCOA steering committee for consideration. These records must be maintained for audit purposes.

Provincial mSCOA teams must also compile an mSCOA project risk register (similar to what was discussed in paragraph 2.3 above). The provincial treasury must, **on/ before Thursday, 31 March 2016**, submit the provincial mSCOA project plan and provincial mSCOA project risk register to the National Treasury, lgdocuments@treasury.gov.za

3.3 Provincial Treasury mSCOA Advisors

National Treasury procured the services of technical advisors to support provincial mSCOA teams with change - and transition management, oversight and capacity building in the provincial treasury and municipalities.

Candidates were interviewed and contracted from January 2016. The candidates participated in an extended induction and training programme, before being deployed to the various provinces. These advisors are not intended to do the work on behalf of the provincial treasury

⁹ The detailed project plan of the KwaZulu-Natal provincial treasury mSCOA team informed this example.

teams, but to provide additional capacity and a direct link to the National Treasury *mSCOA* project team as may be required. It is the firm intention of National Treasury to create a legacy through this initiative, up-skilling officials and providing opportunity to shadow technically competent resources in an attempt to increase the capacity across government.

Provincial Treasuries are urged to welcome the additional *mSCOA* provincial treasury advisors and to intensify their efforts to build capacity within the province, attend the training which is being provided and use every opportunity to learn through personal involvement and commitment to the *mSCOA* project.

4. Self-Assessment Tool: Municipalities and Provincial Treasuries

National Treasury developed two (2) self-assessment tools to assist provincial treasuries and municipalities to evaluate their progress in terms of their role and responsibilities with *mSCOA* implementation. The assessments, in the form of excel-based tools, were already presented, demonstrated and distributed to the provincial *mSCOA* teams during the Integrated Consultative Forum (ICF) of 8 and 9 September 2015. The tools are included in **Annexure B1** (the self-assessment tool for a non-pilot municipality) and **Annexure B2** (the self-assessment tool for a provincial treasury).

It is crucial that provincial treasuries roll out this municipal readiness assessment to the municipalities in their province. The provincial treasury should explain and demonstrate the assessment to every municipality in the province. Provincial treasuries should also complete their own self-assessment which provides a benchmark of where the provincial *mSCOA* support team is in capacitating itself for *mSCOA* support. The National Treasury will do a separate (independent) assessment of the provincial *mSCOA* teams' progress during the first quarter of 2016.

The provincial treasury must review every municipality's completed municipal readiness assessment, together with the municipal *mSCOA* project plan and *mSCOA* project risk register. Once the municipality has aligned the documents with the provincial treasury input, the municipality must submit its municipal readiness assessment, together with the municipal *mSCOA* project plan and risk register, on/ before Friday, 15 April 2016 to the National Treasury, lgdocument@treasury.gov.za

The National Treasury confirms that 1 July 2017 is the outer compliance date for going live with *mSCOA* across the municipality's organisation and in its system(s). All municipalities are

therefore urged at this stage to prepare for their implementation of *mSCOA* and to do so at an earlier date to ensure all implementation challenges are resolved prior to 1 July 2017.

Contact



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03 March 2016



NATIONAL TREASURY

Municipal SCOA Circular No. 5

Municipal Finance Management Act No. 56 of 2003

Municipal SCOA Circular No. 5 – Implementation

mSCOA is a business reform - It is therefore important that this circular is distributed to all senior managers and other relevant officials throughout the municipality

This circular provides support to all municipalities to implement the Municipal Regulations on a Standard Chart of Accounts (mSCOA) in preparation for full mSCOA compliance by the outer compliance date of 1 July 2017. This is the fifth in a series of mSCOA circulars. Municipalities can use the Municipal SCOA circulars to assess whether they are on track in achieving mSCOA implementation.

CONTENTS:

1. THE REGIONAL SEGMENT	2
1.1 BACKGROUND AND PURPOSE	2
1.2 PRESENTATION OF THE HIGH-LEVEL CLASSIFICATION INHERENT TO THE mSCOA REGIONAL SEGMENT	3
1.3 UNPACKING THE HIGH-LEVEL CLASSIFICATION STRUCTURE OF THE REGIONAL SEGMENT	4
1.3.1 No Regional Indicator	4
1.3.2 Regional Identifier	4
1.3.2.1 National Functions	4
1.3.2.2 Provincial Functions	4
1.3.2.3 Local Government by Province	5
(i) Metropolitan Municipalities	5
(ii) District Municipalities	5
(iv) Metro, District or Local Municipality: Administrative or Head Office	8
(v) Metro, District or Local Municipality: Whole of the Area	7
1.4 THE REGIONAL INDICATORS – WAY FORWARD	7
2. DISCUSSION- FREQUENTLY ASKED QUESTIONS (FAQ)	7
WHY IS REGIONAL SEGMENT INFORMATION REQUIRED FROM LOCAL GOVERNMENT, AND WHAT IS THE RELEVANCE AND USE OF THE REGIONAL INDICATORS?	8
3. LINKING PROJECTS TO THE BUDGET AND IDP	9
3.1 LINKING PROJECTS: CHALLENGES ACROSS MUNICIPALITIES (OPERATIONAL PROJECTS)	10
3.1.1 Authorisation of expenditure	10
3.1.2 The relationship between the Project-, Function- and Item Segments	10
3.1.3 More examples – linking the IDP, Budget and Project	12
4. DATA SET PREPARATION – GENERAL CONSIDERATIONS	14
5. IMPACT OF LOCAL GOVERNMENT ELECTIONS ON MSCOA IMPLEMENTATION	15
6. TRAINING SUPPORT	15
6.1 CHANGE MANAGEMENT TRAINING	16
6.2 PROJECT MANAGEMENT TRAINING	16
7. MFMA CIRCULAR 80 – REQUEST TO CONDUCT AN ICT DUE DILIGENCE: ALL MUNICIPALITIES	16
7.1 PROCESS AFTER COMPLETION OF THE ICT DUE DILIGENCE	18
7.2 NATIONAL TREASURY AND PROVINCIAL TREASURY ASSISTANCE TO CONDUCT AN ICT DUE DILIGENCE	19

1. The Regional Segment

1.1 Background and purpose

The budget reform process includes that government and parliament require information on the *allocation of resources at a regional level* and also *actual spending* that occurs *at a regional level* to improve its allocation of resources and the monitoring thereof nationally. To enable this, the regional indicator was introduced on 1 April 2008 for national and provincial government resource allocation and spending. In 2014, the Municipal Regulations on a Standard Chart of Accounts (mSCOA) introduced the same requirement (regional indicator) for local government resource allocation and spending. The purpose of the regional indicator is to enable government and/ or Parliament to actually identify the communities that benefit from government spending.



What is the core-principle and intention of the Regional segment?

- To ensure that expenditure is assigned to a geographic area.
- To identify **the lowest relevant geographical region of the intended beneficiaries** of the service or capital investment that is being financed by the particular expenditure.

The mSCOA Regional segment therefore requires a municipality (at its discretion) to budget for (assign) some revenue to the **lowest relevant geographical region** to identify the communities that benefit from the municipality's spending.

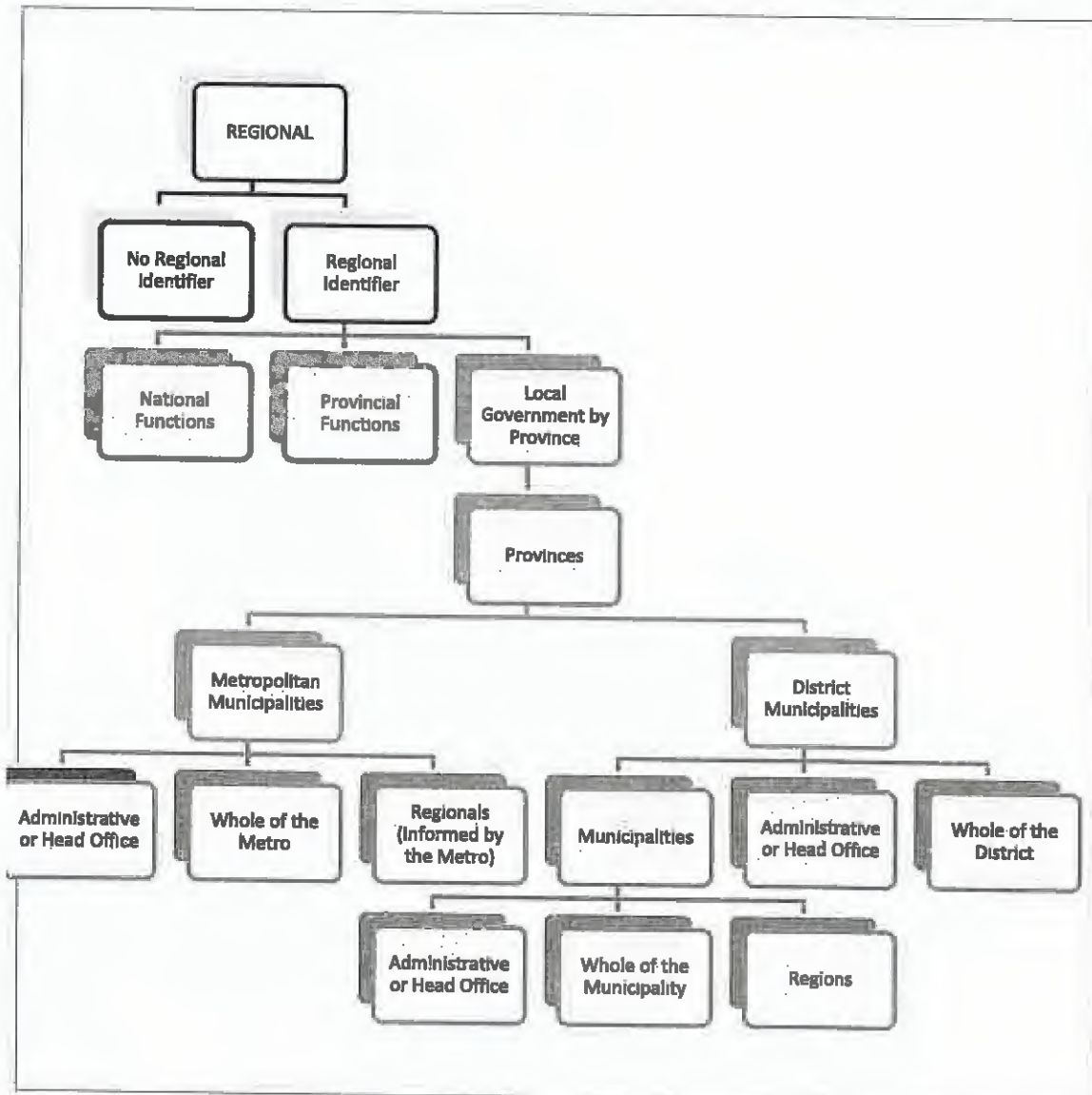
This means that actual expenditure must also be recorded against this regional indicator so that the final impact of such spending is measurable by region in order to get a regional view of the economic impact of government spending.

When a municipality captures its budget and actual spending against the mSCOA Regional Segment, it provides information that will enable and improve the analysis of:

- Whether the municipality provides its services impartially, fairly, equitably and without bias, as envisaged in the Constitution;
- The municipality's progress in addressing regional backlogs in social infrastructure and access to services;
- Whether government spending by different departments (national and provincial) and municipalities are being properly sequenced and coordinated;

- Whether actual spending by government is aligned to the relevant plans of the three spheres of government;
- Assist councillors and mayors to account to their communities for the allocation of resources and actual spending of the municipality to specific communities and wards; and
- Provide specific ward information to councillors to assist in decision-making.


1.2 Presentation of the high-level classification inherent to the mSCOA Regional Segment



1.3 Unpacking the high-level classification structure of the Regional Segment

1.3.1 No Regional Indicator

Use this classification to record transactions that are *not relevant* to this segment. The account is at a posting level with no further breakdown required by National Treasury.

	<p>Examples of transaction types that will default to the "No Regional Indicator" classification are assets (excluding capital expenditure), liabilities and net assets. The municipality currently has a discretion on whether to allocate Revenue to region (it is not a current mSCOA requirement).</p>
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1.3.2 Regional Identifier

This classification provides "regional" indicators to record transactions and distinguish at the highest-level between national, provincial or local government. This is a non-posting level account with the underlying classification structure fixed unless otherwise indicated.

1.3.2.1 National Functions

- A national function is the posting level for all transactions made within the borders of the Republic of South Africa.
- The *use of this category is restricted* to areas specifically identified and accepted as such by the mSCOA Technical Committee to be "municipal functions" performed as part of a national strategy and executed as co-operative government. *At present the only such identified function is "Implementation of Environmental Policy Impact".*
- This is a non-posting level account. If a posting-level is required the municipality has to submit its motivated request to the National Treasury.

1.3.2.2 Provincial Functions

- Provincial functions are the posting level for all transactions made within the provincial borders and not contributing to a specific community.
- The use of this category is restricted to areas specifically identified and accepted as such by the mSCOA Technical Committee to be municipal functions performed as part of a provincial strategy and executed as co-operative government, *for example the non-core functions provided for as agency services in the Function segment.*
- This is a non-posting level account. If a posting-level is required the municipality has to submit its motivated request to the National Treasury.

1.3.2.3 Local Government by Province

- The Regional segment Indicators relevant to beneficiaries at a local government-level are set-up by province. The classification structure makes provision for the nine provinces with their metro's and municipalities.
- ***This is a non-posting level account*** with the underlying classification structure fixed unless otherwise indicated. **The underlying classification structure further breaks down into the following posting levels:**

(I) Metropolitan Municipalities

- This classification provides for the metropolitan municipalities within the boundaries of the province.
- The regions set-out for metropolitan municipalities as part of this classification, provide for the service-delivery arrangement introduced by the respective municipalities that might be a service area, geographical area, regional area or townships and settlements.
- Metropolitan municipalities have the discretion to provide regional information or even if needed, regions by functions or service delivery.
- ***This is a non-posting level since a metropolitan municipality has to provide the posting levels that it requires to the National Treasury for inclusion. If the municipality did not provide information, the set-up for posting-level will be default according to the demarcated wards.***

(II) District Municipalities

- District municipality's set-up for posting-level is default in accordance with the municipal demarcated areas and code structures. Local municipalities (within the district municipality area) are also listed here for recording of capital and operational expenditure to the direct benefit of communities within these local municipalities.
- The Demarcation Board Classification for 2014 was used to include wards *by municipality* as posting level. It is recognised that these boundaries may change every 5 years due to demarcation changes done for municipal elections. An alternative to using 'ward' may be to use townships or the logistical area defined by the municipality for providing services to the community.
- District Municipalities¹ – this category is set-up to provide a structure for the respective local municipalities with a break-down for: *administrative or head office, wards and whole of the municipality*. Accordingly, the requirements for this section can be customised for the municipality based on the information the municipality provided.

¹ mSCOA Project Summary Document - Design Principle 18.

- Ward² - Allocation to "wards" have been provided for as a standard although recognition is given to changes in the demarcation area over time.
- Whole of the Area for Wards, Metro, Municipality and District Municipality or Municipality³ – this category provides a classification for recording transactions not to the benefit of a specific community but the "whole of an area". Accordingly, the requirements for this section need to be customised for the metro/ municipality based on the information the municipality provided.

(iv) Metro, District or Local Municipality: Administrative or Head Office

1. Some expenditure (both capital and operational), contributes to the effective running and management of the municipality throughout the demarcated area. The smooth operation of the municipality necessitates the use of a head/ administrative office for co-ordination and management of the municipality, with a contribution from various cost-drivers, such as building maintenance, water, electricity, sanitation, waste removal, staff compensation, insurance cost, consumption of stationery, cleaning materials, etc.
2. These allocated costs do not necessarily benefit any specific region or ward and these are considered to be to the benefit of the whole of the metro/ municipality. Therefore, these transactions are recorded within this account, for example the municipality appointed an external computer services company to update the Information Technology: Back-up and Recovery Policy. The development of this policy is considered to be part of the risk management strategy of the municipality in protecting the "information technology of the municipality" but not directly to the benefit of a specific regional area or ward and is considered to be of a purely administrative nature.
3. Transactions directly relating to the administration of the municipality and to the direct benefit of the community.
4. Metropolitan municipalities have the discretion to make use of a single indicator or may expand the indicator.
5. Administrative or Head Office⁴ – this classification provides for the set-up of satellite offices within the Service/ Function or Area structure based on the needs of the metro, district or local municipality. Accordingly, the requirements for this section can be

² mSCOA Project Summary Document - Design Principle 19.

³ mSCOA Project Summary Document - Design Principle 20.

⁴ mSCOA Project Summary Document - Design Principle 17.

customised for the district, local or metropolitan municipality based on the information the municipality provided to the mSCOA Technical Committee. Flexibility is allowed to give justice to the respective size of the municipality, sophistication of system application and the logistical arrangements in place at a municipality.

(v) Metro, District or Local Municipality: Whole of the Area

1. A posting-level breakdown (whole of the metro, district or local municipality) is provided to be used in instances where transactions should be classified to specific municipalities or wards, but not enough information is available to effect such a breakdown. Furthermore, this category will include all transactions that benefit more than one service area.
2. Allocation to this posting-level account should be distinguished from the "*administrative or head office*" being transactions specifically associated with the running and operation of a municipal administrative office or head office structure versus the "*benefit of the transaction being to the whole of the municipality*".
3. Metropolitan municipalities have the discretion to expand this indicator to provide for multiple administrative centres or service points.

1.4 The Regional Indicators – Way Forward


It is clear from the Information above that the Regional Indicator will be expanded as mSCOA implementation and transacting refines. It is therefore important to note that the Position Paper explains that: Reporting attention will be given in phase 2 of the *report development process* to specific reporting requirements to provide emphasises on regional indicators. The local government budget reform process will also further expand on the regional Indicator to monitor resource allocation and spending at the local sphere of government along the same design principles for national and provincial government. This perspective is not yet fully provided for by the analysis of the "Function" and "Item" segments in mSCOA.

2. Discussion- Frequently Asked Questions (FAQ)

The mSCOA website includes a direct link to the mSCOA Frequently Asked Questions (mSCOA FAQ) Database "04. mSCOA FAQ":

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

In this section we discuss a selection of questions from the mSCOA frequently asked questions (FAQ) Database, relating to the regional segment.

	<p><i>Why is regional segment information required from Local Government, and what is the relevance and use of the regional indicators?</i></p> <ul style="list-style-type: none"> • The regional indicator enables government and/ or Parliament to identify the communities that benefit from government spending. • Assigning government expenditure in line with the regional indicators identifies the lowest relevant geographical region of the intended beneficiaries of the service that is being financed by the particular expenditure.
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- 'The lowest relevant geographical region' refers to the province, metro, district or ward where the intended beneficiaries normally live or are located. Note that the 'lowest relevant geographical region' is not necessarily restricted to the municipality where the service or capital investment is located, since the intended beneficiaries may be from neighbouring municipalities, even neighbouring provinces, depending on the nature of the service or investment (for further details see below).
- 'Intended beneficiaries' refer to the individuals or entities (such as businesses) that are intended to benefit directly from the given service or capital investment.
- The service or investment refers to the output that is being delivered or produced by the government department; and
- 'The particular expenditure' refers to the expenditure that is being captured. Note that in nearly all instances this expenditure will only constitute a part of the cost of the service or capital investment.

To assist municipalities to use the Regional Segment consistently when allocating expenditure at a regional level, the National Treasury has developed allocation principles. The allocation principles are included in the Project Summary Document and include guidance on the following specific matters:

- Service benefiting multiple regions or wards;
- Methods of allocating expenditure to multiple regions;
- Allocating personnel expenditure;

- Head office expenses;
- Regional office expenses;
- Allocating bulk purchases; and
- Allocating expenditure in capital.



Why is the regional indicator for ward at a non-posting level?

Only once the municipality or metro provide the National Treasury with the information, can the posting-level be defined. As a consequence, for municipalities that did not provide information (refer Municipal SCOA Circular No. 4) the next mSCOA version release include as a posting-level, the default wards for these municipalities, as defined in the Demarcation Act.


3. Linking Projects to the Budget and IDP

The mSCOA research, underpinning the development of the chart, included a review of the information municipalities submitted to various stakeholders. The research revealed that municipalities, historically, combine various detailed accounts for project related expenditure in various line-items with differentiation made in the account description. This resulted in duplication of accounts for the purpose of extracting project related information. This made it difficult for the municipality itself, and even more so for other spheres of government and other stakeholders, to obtain and analyse financial information on important or strategically relevant projects using the existing account structure of the majority of municipalities.

Furthermore, the Municipal Systems Act, 2000 requires a municipality to develop an integrated development plan (IDP) that directly impacts on the development of the municipality's budget. The MFMA, 2003 strengthens this requirement in that the MFMA also requires the municipality's IDP and budget to be directly linked. Despite these enabling clauses few municipalities can demonstrate that their budgets are strategically linked to their IDP's.

For amongst other, to address these challenges, the mSCOA Project Segment enables a municipality to set-up operational and capital projects by way of linking its integrated development plan (IDP) with its annual budget. This provides in-time management information on project performance, spending against the annual budget, including to report on project funding.


For this reason, a municipality is urged to (when preparing its budget in the mSCOA classification) commence with populating the Project Segment. This means that all activities of the municipality has to align to "projects" including Institutional costs associated with the functioning of the municipality such as administration and staff.

	<p><i>The project segment in essence enables and enforces planning and budgeting at a project level.</i></p>
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3.1 Linking Projects: challenges across municipalities (operational projects)

3.1.1 Authorisation of expenditure


As municipalities progressively transact in mSCOA, driven from a project perspective, operational projects can be problematic when the 'authorisation of expenditure' – levels sits with more than one function (department) in the municipality. For example:

	<p><i>A particular Constitutional function (such as electricity distribution) vests across various municipal functions, including marketing and communication, public safety, emergency management and recreational facilities but the actual <u>project enlightenment</u> is (in terms of the IDP) the responsibility of the 'office of the Mayor'.</i></p>
	<p>A municipality needs to review its system of delegations and the 'authorisation – responsibilities' therein, to ensure that, <i>irrespective of where a particular project resides</i> in the municipality, all functions that should be consulted for approval, are required to be consulted according to the municipality's system of delegations.</p>


3.1.2 The relationship between the Project-, Function- and Item Segments

The piloting phase revealed that the relationship between the Project-, Function- and Item Segments can be challenging for a municipality when it must identify its operational projects. The current way most municipalities budget, means that they make use of a function/ cost centre and item when developing the budget.

The municipality should identify each and every one of its projects in relation to its strategic objectives (set out in the integrated development plan (IDP)). mSCOA allows for breakdown of project level and the specific project name can then be used on that level to suit a specific municipality. For example:


	<p>Currently, the Expanded Public Works Programme (EPWP) can be budgeted for on a line item. However, mSCOA regards the EPWP as a project (to be budgeted for in the Project Segment).</p> <p>Consequently, the EPWP-project (going forward) for example may include basic salaries, uniforms (overalls) gloves, brooms, etc. (as line items). The project itself ("EPWP-project"), can however not be a line item anymore, but should be reflected as a project in the <i>Project Segment</i>.</p>
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Budgeting should also enable the analyses of project performance. This means that the project activities should be catered for (broken down) in the item segment (for all item expenditure within this project).

	<p><i>The following question was raised on the FAQ Database and relates to budgeting, using the Project Segment:</i></p> <p>Special social projects are not a function of the Sunrise Municipality. These special projects consist of various expenditure line items, including event management, printing and stationery, the transport of people to events, catering, travelling and subsistence, donations to people/ organisations for specific purposes. The municipality generally funds these social projects from its equitable share allocations. Please advise how other municipalities link these projects on mSCOA?</p> <p>It is clear from the question that the municipality identifies these as special projects but do not relate/ link these projects to specific strategic objectives of the municipality.</p> <p>Municipalities have to ensure that any project, identified in its mSCOA Project Segment, links to a specific strategic objective in the integrated development plan (IDP) of the municipality.</p>
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To further assist municipalities, the mSCOA Project Segment allows for a further breakdown from the parent level (of each identified project). The municipality can use this breakdown option to choose/ reflect meaningful and informed project names, relevant to the municipality. In the above example, the typical work stream could be used to identify this operational project.

3.1.3 More examples – linking the IDP, Budget and Project

Example 1	IDP objective in the 2016/17 Budget (MTREF)	Operational Project identified in the Project Segment
	IDP objective 5 – The creation of sustainable jobs through municipal service delivery.	Linked to IDP objective 5 11. Expanded Public Works Programme (EPWP): • Project 11.1 - Local economic development (LED) initiatives to involve street collectors in recycling and re-use activities.
	IDP objective 6 - Promote good governance and active citizenry.	Linked to IDP objective 6 Project 33 - Mayoral campaign to improve public participation in wards 23 and 58 in the budget process. Project 34 – Mayoral project: Freedom Day campaign

Example 2	An example operational project in the mSCOA classification, that involves various activities across functions										
	<p>IDP objective 6 - Promote good governance and active citizenry, is linked with Project 34 – Mayoral project: Freedom Day campaign:</p> <p>Sunrise Municipality has the following project under the Mayor's Office: Freedom Day campaign, involving a celebration of Freedom day on 27 April 2017. The project includes various activities across functions, including:</p> <p>(a) The event will be communicated via the local newspapers.</p> <table border="1" data-bbox="415 1646 1293 1897"> <tr> <td>Project</td><td>Operational: typical work stream: Communication and Public participation: Freedom Day campaign</td></tr> <tr> <td>Function</td><td>Core function: Marketing, Customer Relations, Publicity and Media Co-ordination</td></tr> <tr> <td>Item</td><td>Advertisement, newspaper, graphic designer</td></tr> <tr> <td>Fund</td><td>Revenue: non exchange: property rates: levies</td></tr> <tr> <td>Region</td><td>Regional identifier: local government by province: district: local municipality: ward 1</td></tr> </table>	Project	Operational: typical work stream: Communication and Public participation: Freedom Day campaign	Function	Core function: Marketing, Customer Relations, Publicity and Media Co-ordination	Item	Advertisement, newspaper, graphic designer	Fund	Revenue: non exchange: property rates: levies	Region	Regional identifier: local government by province: district: local municipality: ward 1
Project	Operational: typical work stream: Communication and Public participation: Freedom Day campaign										
Function	Core function: Marketing, Customer Relations, Publicity and Media Co-ordination										
Item	Advertisement, newspaper, graphic designer										
Fund	Revenue: non exchange: property rates: levies										
Region	Regional identifier: local government by province: district: local municipality: ward 1										

	Costing	Default transaction
	(b) On the day of the event, internal security services (of the municipality) will ensure the safety of participants:	
	Project	Operational: typical work stream: Communication and Public participation: Freedom Day campaign
	Function	Public Safety: Core Function: Police Forces, Traffic and Street Parking Control
	Item	Default
	Fund	Revenue: non exchange: property rates: levies
	Region	Regional identifier: local government by province: district: local municipality: ward 1
	Costing	Activity Based Recoveries: Security Services
	(c) The municipality will avail free transport to all citizens wanting to participate in the event:	
	Project	Operational: typical work stream: Communication and Public participation: Freedom Day campaign
	Function	Finance and Administration: Core Function: Fleet Management
	Item	Transport provided by department activities: events
	Fund	Revenue: non exchange: property rates: levies
	Region	Regional identify: local government by province: district: local municipality: ward 1
	Costing	Default transaction
	(d) The event will include refreshments and performing artists and a big screen for people that are not close to the stage.	
	Project	Operational: typical work stream: Communication and Public participation: Freedom Day campaign
	Function	Executive and Council: Core Function: Mayor and Council
	Item	Contracted Services: Contractors: Catering Services Contracted Services: Contractors: Stage and Sound Crew Contracted Services: Contractors: Artists and Performers Contracted Services: Contractors : Audio-visual Services
	Fund	Revenue: non exchange: property rates: levies
	Region	Regional identify: local government by province: district: local municipality: ward 1
	Costing	Default transaction
	(e) The Sunrise Municipality would like to hire a large soccer stadium for the event from its neighbouring municipality:	
	Project	Operational: typical work stream: Communication and Public participation: Freedom Day campaign
	Function	Community and Social Services: Core Function: Community Halls and Facilities
	Item	Market Related: Rental of fixed assets. (*If the rental is not market related, the item should be: Non-Market Related: Rental of fixed assets.)

	Fund	Revenue: non exchange: property rates: levies
	Region	Regional identify: local government by province: district : local municipality: ward 1
	Costing	Default transaction

4. Data set preparation – general considerations

Data purification is not a once-off event, but an on-going process to ensure the quality and integrity of the municipality's information.

However, for successful *mSCOA* implementation, municipalities are advised to put immediate focus on those aspects, that have a direct impact on *mSCOA*. This includes the identification of areas in the municipality's current data set that requires alignment, and that will ensure reliable and accurate information when translating to *mSCOA*. For example, high-priority data purification tasks at this stage should include at least:

- Linking tasks/ activities to the GFS functions and allocating these functions to an approved position(s) on the organogram (which should link to an employee(s) in the payroll);
- Non-current assets should be aligned to the Function Segment. This will assist to ensure that depreciation of these non-current assets is correctly allocated to the respective function areas and relative projects;
- Emphasis on the correct 'category of use' in the valuation roll will lead to the accurate allocation of property rates tax to the Item Segment; and
- *mSCOA* does not cater for suspense accounts, therefore all suspense accounts need to be correctly allocated and closed-out.

The *mSCOA* implementation team of the municipality plays a crucial role in data-set preparation:

Each work stream in the implementation team should focus on the preparation of the dataset (for which that particular work stream is responsible), and which will be migrated to the *mSCOA* platform. The end deliverable is to produce, a dataset within each work stream that has accurate attributes and is able to be translated to the *mSCOA* segments. In our experience, strong skills in *navigating the mSCOA chart* and *Excel* are important to prepare the data-set of each work stream successfully.

The municipality's *purified data set* (consolidated from the effort of each of its work streams) will form the basis for the conversion of the municipality's trial balance into the *mSCOA* classification and subsequently feed in to produce its 2017/18 MTREF.

It is therefore also advisable that a municipality do a trial run of its 2016/17 budget in the mSCOA classification to early-on detect and resolve any challenges.

5. Impact of local government elections on mSCOA implementation

With the imminent local government elections scheduled for the 3rd of August 2016 and subsequently new municipal councillors being elected, such councillors may not necessarily have the required understanding of the mSCOA Regulation or the processes undertaken by the municipality, to date, in readiness for the implementation of the Regulation. It is crucial that the newly elected council does understand this to enable informed oversight functions and responsibilities to enable successful transacting in the mSCOA classification by 1 July 2017.

Municipalities, together with their municipal entities, are therefore urged to prepare a detailed report on the implementation of mSCOA for tabling at the first meeting of the newly elected council.

Municipalities and their municipal entities are advised, as a minimum, to address the following as part of the mSCOA detailed report and presentations to council:

- Establishment of an mSCOA project steering committee and the effective functioning of this Committee, including resolutions taken by the Committee to date;
- The project implementation plan and progress made in terms of deliverables in the project plan;
- The risk register and implementation of mitigating strategies to address such risks;
- Change management strategy to implement the required knowledge of mSCOA within the organization;
- Comparison of the current chart of accounts to mSCOA and the breakdown of general ledger account balances into mSCOA requirements;
- Data cleansing and reconciliation of long outstanding balances and suspense accounts;
- Assessment of system functionality of current financial management and internal control systems and the status of system implementation;
- Current challenges and assistance required in order to resolve such challenges; and
- The draft report for tabling to the new Council on mSCOA implementation.

6. Training support

It should be noted that there is a host of available material on the topics of change management and project management. Municipalities and Provincial Treasuries are welcomed to develop themselves using the methodology(s) and/ or material they find best suited to their circumstances. However, to support municipalities and provincial treasuries, the National Treasury *change team work stream* has developed training that can be customised to suit your organisation's specific *mSCOA* needs, should you wish to make use thereof:

6.1 Change Management training

In essence the proposed training addresses organisational issues, the nature of change and how to lead others through change.

6.2 Project Management training

This training discusses the project life cycle from project inception till project closure and how to ensure a successful project.

The Change Management- and Project Management training slides is not mandatory and may be customised by the municipality or Provincial Treasury should it wish to make use of such. The training is included in **Annexure A** (Change Management) and **Annexure B** (Project Management), respectively. Municipalities can also contact their Provincial Treasury should it specifically require any of this training, over-and-above what is currently being rolled-out in their province.

7. MFMA Circular 80 – request to conduct an ICT due diligence: all municipalities

Few months remain for all municipalities to prepare the 2017/18 MTREF in the *mSCOA* classification. The majority of municipalities make use financial systems as enablers to transact, including capturing their budgets in the *mSCOA* classification.


MFMA Circular 80 - Municipal Financial Systems and Processes, replaces MFMA Circular No. 57, with effect 8 March 2016, and formalises the minimum system functionality and business process requirements a municipality's financial management and internal control system(s) should meet to enable successful transacting in the *mSCOA* classification by 1 July 2017.

MFMA Circular 80, to prevent fruitless and wasteful expenditure, requires a municipality to **evaluate the system functionality and business process requirements** of its current

package of financial management and internal control system(s) before it enters into any agreement(s) with any system vendor to upgrade or change system(s). *This is irrespective of whether the existing service provider(s) was included in the RT25 transversal panel of service providers.*

Every municipality, to effectively evaluate its current financial management and internal control system(s), must:

- Assess its current systems in accordance with MFMA Circular 80 (Annexure B). However, Annexure B includes the system requirements for all categories of municipalities. To support municipalities we attach a modified Annexure (Annexure C)⁶ that reflects for each category of municipality, the specific requirements.
 - In the case of amalgamating municipalities, each of the individual municipalities must conduct this ICT due diligence of its package of existing ICT systems against the requirements of the **category of the amalgamated municipality (NOT the category of the individual municipality (before amalgamation))**.
- Task its mSCOA project steering committee (representing senior officials from the respective business units) to evaluate (conduct a due diligence) of the municipality's current financial systems. The role of this committee for this activity, is to evaluate the system functionality of the municipality's current system vendor(s) in accordance with the system and business processes functionality assessment (Annexure C):
 - The municipality, to complete the ICT due diligence may request all its existing service provider(s) to complete Annexure C for the municipality, including to workshop and demonstrate such functionality to the municipality, **but at no additional cost to the municipality**; and
 - Where any item is a mandatory minimum for the category of municipality and is not available in the existing package, the service provider should clearly indicate the way forward (using the options in Annexure C, including indicating any cost (initial and thereafter) to the municipality/ (amalgamated municipality) to procure such additional functionality(s) from its existing package of service provider(s).

	Due to the significant number of requirements, municipalities are advised to involve/ request its current system vendor(s) to complete the attached Annexure C by indicating for <u>each requirement</u> one of the following options:	
	1. "Comply – Demo is available"	This would apply in instances where the functionality is available and the system

⁶ The National Treasury thanks the KwaZulu-Natal Provincial Treasury's support in modifying MFMA Circular 80 (Annexure B) to reflect the minimum specifications, per category of municipality.

		vendor is able to demonstrate such functionality.
	2. "Thlrd Party Integration – Demo Is available"	System vendors will select this option when they are utilising a third party system to perform the function, and a demonstration is available in this regard.
	3. "Proof of Concept is available – Implemented by 30 June 2017"	System vendors may have the proof of concept available, however, full functionality may still be currently 'work-in-progress'. However, the functionality shall be fully implementable by 30 June 2017.
	4. "Future Development – Proof of Concept by December 2016"	In this Instance, system vendors may still be in the process of developing a proof of concept, and such will be completed by December 2016. Full functionality will be in place by 30 June 2017.
	5. "Not available"	System vendors may have not considered the required functionality, and cannot implement the functionality by 30 June 2017.

7.1 Process after completion of the ICT due diligence

Once the municipality and/ or its vendor(s) has completed the ICT due diligence (Annexure C - assessment), the municipality's *mSCOA project steering committee* (in the case of amalgamation: the Joint mSCOA project steering committee) must:


- (i) Assess whether the municipality's existing system(s) as a package, meets the majority of the functional requirements for its category/ (amalgamated municipality's category) as per Annexure C⁶;
- (ii) Consider the *cost of any additional functionality* the municipality/ (amalgamated municipality) will have to procure from its existing package of service provider(s) to be able to conduct the minimum *mSCOA* transacting for its category by 1 July 2017 and the *affordability thereof* to the municipality/ (amalgamated municipality) considering its 2016/17 MTREF;
- (iii) Compare the total cost of its existing 'package of system(s)', including the cost for any additional functionality (refer to paragraph (ii) above) with the other available service offerings for its category/ (amalgamated municipality's category), included in the RT25-panel of service providers;
- (iv) Determine whether its existing 'package of service provider(s)' will be able to provide and implement any and all of the outstanding functional areas by 1 July 2017, including upskilling affected municipal officials (*in the case of amalgamation*, across all the municipalities that are amalgamating);

⁶ Municipal SCOA Circular No. 5 – Annexure C.

- (v) Consider any penalties and reason(s) for contract termination in any of its contract(s) with existing service provider(s); and
- (vi) The project steering committee must document its decision and recommendation(s) on the way forward for the municipality (on the municipality's 'package of existing system(s)'), clearly setting-out its findings on each of the above five points it considered.

Every municipality must, **before Monday, 1 August 2016**, submit to the National Treasury LG.SCOA@treasury.gov.za and to the relevant Provincial Treasury, a request for their comments, supported by:

1. The municipality's completed system(s) functionality assessment (ICT due diligence), as per **Annexure C**;
 - a. The file should be submitted to LG.SCOA@treasury.gov.za using the following naming convention:
 'Municipal Code_Municipality name_Annexure C – xx Month 2016'.
 For example: **LIM 332_Greater Letaba_Annexure C – 1 August 2016**; and
2. The municipality's **mSCOA project steering committee's** (*amalgamation: the Joint project steering committee's*) **recommended decision** on whether the municipality/ (amalgamated municipality) should remain with its current system(s) or change system(s).

	<p>A municipality must consider the feedback of the National Treasury and Provincial Treasury before making any final decision to remain with its current system(s) or to change system(s).</p> <p><i>A copy of the feedback must be placed on the municipality's audit file.</i></p> <p>Municipal SCOA Circular no. 6 (soon to be released) will provide further guidance on the process after soliciting the comments of the National Treasury and Provincial Treasury.</p>
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7.2 National Treasury and Provincial Treasury assistance to conduct an ICT due diligence

Should any municipality require assistance to complete the attached system functionality assessment (**Annexure C**) or related support, you can request the Provincial Treasury

(delegated municipalities) and the National Treasury (Non-delegated municipalities and pilot municipalities) to assist your municipality.

It should be noted, however, that Provincial Treasury and National Treasury will play an advisory role limited to functionality requirements of the current systems in this regard, and cannot proclaim or pronounce compliance by any system vendor. The decision to remain with the current systems or change systems remains the responsibility of the municipality.

It is important to note that **failure to submit** the completed ICT due diligence (**Annexure C**) together with the project steering committee's decision in this regard, may cause a delay in the transfer of the municipality's equitable share tranche.

Contact



national treasury

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JH Hattingh
Chief Director: Local Government Budget Analysis
15 July 2016



NATIONAL TREASURY

Municipal SCOA Circular No. 6

Municipal Finance Management Act No. 56 of 2003

Municipal SCOA Circular No. 6 – Implementation

mSCOA is a business reform - It is therefore important that this circular is distributed to all senior managers and other relevant officials throughout the municipality

This circular provides support to *all municipalities* (pilots and non-pilots) to implement the Municipal Regulations on a Standard Chart of Accounts (mSCOA) in preparation for full mSCOA compliance by the outer compliance date of 1 July 2017. This is the sixth in a series of mSCOA circulars. Municipalities can use the Municipal SCOA circulars to assess whether they are on track in achieving mSCOA implementation.

CONTENTS:

1. 'MSCOA CHART VERSION 5.5' AND THE WAY FORWARD	2
1.1 HIGH LEVEL KEY CHANGES IN 'VERSION 5.5' COMPARED TO VERSION 5.4	2
1.2 WAY FORWARD	2
1.3 THE USE OF MSCOA CHART VERSIONS OLDER THAN 'MSCOA CHART VERSION 5.5'	3
2. LOCAL GOVERNMENT INTEGRATED FINANCIAL MANAGEMENT AND INTERNAL CONTROL SYSTEMS – THE RT25 TRANSVERSAL PROCUREMENT PROCESS AND WHAT IT MEANS	5
3. MSCOA - TRAINING	10
3.1 ACCREDITED MSCOA TRAINING	10
3.2 NON-ACCREDITED TRAINING	11
3.3 SYSTEM(S) TRAINING	11
4. WHAT SHOULD A MUNICIPALITY (PILOT AND NON-PILOT) BE DOING DURING AUGUST/ SEPTEMBER 2016	12

1. **'mSCOA Chart version 5.5' and the way forward**

1.1 High level key changes in 'version 5.5' compared to version 5.4

mSCOA Version 5.5 was approved by the National Treasury *mSCOA* Project Steering Committee. This version was released on the National Treasury *mSCOA* website to stakeholders for technical review before it will be locked-down as *mSCOA Chart Version 6.0* to guide the 2017/18 MTREF budget preparation process. *mSCOA Chart Version 6.0* will be available on the National Treasury *mSCOA* website from early August 2016.

'*mSCOA Chart Version 6.0*' can be accessed at the following link:
<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

The table included in **Annexure A** of this Circular, provides a high-level summary of the changes made in '*mSCOA Chart Version 5.5*' compared to the previous '*mSCOA Chart Version 5.4 take 5*'. This version of the chart is the precursor to '*mSCOA Chart Version 6.0*', which includes queries raised up to 31 July 2016¹ and which were logged on the FAQ.

The FAQ Database can be accessed as "04. *mSCOA* FAQ" at the following link:
<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

Municipalities should make use of this opportunity to acquaint themselves with the final version as it will be used for budget preparation in October/ November 2016, and transacting as from 1 July 2017. Queries can still be logged on the FAQ and updates will be considered for release with the annual budget circular.

1.2 Way forward

The National Treasury confirms that '*mSCOA Chart Version 6.0*' (as released on the National Treasury web page) is the final version in lieu of compliance by 1 July 2017. (NO further changes will be made for implementation purposes at this stage).

Municipalities must prepare their integrated development plan (IDP) and Budget as part of the 2017/18 MTREF process, already in October/ November 2016 using '*mSCOA Chart Version 6.0*'.

¹ All queries raised until 31 July 2016 were included in this version update, except queries that have not been completed or where consultation (relating to the query) is still in progress.



The issue of FURTHER updated mSCOA Chart Versions during 2016/17?

When the National Treasury:

- (i) Revises the various reporting formats; and
- (ii) Completes a final review of mSCOA's capacity to provide sufficient information to extract financial statements (fully compliant to the Standards of Generally Recognised Accounting Practice (GRAP)),

There may arise matters requiring additional changes to 'mSCOA Chart Version 6.0'. This could result in an updated version to be released with the MFMA Budget Circular towards the latter part of 2016.

The future annual maintenance of the mSCOA Chart, if applicable, will follow on the release of the annual MFMA Budget Circular to coincide with the guidance for the budgeting process for every year.

It is therefore important that every municipality continues to post any requests and clarifications relating to mSCOA, to the mSCOA Frequently Asked Questions (FAQ) Database, since the National Treasury will periodically consider all such to effect any necessary changes/improvements to the mSCOA CORE for release once a year in time for municipalities' budget preparation.

1.3 The use of mSCOA Chart Versions older than 'mSCOA Chart Version 5.5'

To date various versions of the mSCOA Chart have been issued as part of the piloting process to refine and improve the chart through a rigorous process of testing. This means that different municipalities, already transacting on the chart, may be using any of the older versions issued to date. In this regard it is crucial to note the following general guidance:



A municipality must use the exact same version of the 'mSCOA Chart Version' for transacting throughout the year, (including for reporting, conclusion of reporting and the restatement of audit figures), in which it prepared its budget.

- This means that generally pilot municipalities that are transacting 'live' are doing so on mSCOA Chart Version 5.3 (There are a few exceptions that the National Treasury is aware of);

- All municipalities that went 'live' on 01 July 2016, prepared their budgets using '*mSCOA Chart Version 5.4 take 5*' and should, for the full 2016/17 financial year continue to transact on this version; and
- All other municipalities (that are not transacting 'live' as at 01 July 2016), including all the newly demarcated municipalities, must budget for the 2017/18 MTREF on '*mSCOA Chart Version 6.0*'.



Prohibition on the use of 'mSCOA Chart Version 5.5' for transacting during 2016/17

It is clear from this discussion that NO municipality may use the '*mSCOA Chart Version 5.5*' for transacting purposes during 2016/17 or any year thereafter. Municipalities should transact in the version of the chart that they budgeted in.

Since '*mSCOA Chart Version 5.5*' was not available during the 2016/17 MTREF budget process, no municipality would have been able to prepare its budget using this version and therefore also cannot use it to transact during 2016/17.

The National Treasury Local Government Database has to consistently upload all municipalities' information irrespective of the *mSCOA Chart Version* used. To facilitate a smooth process in this regard, the transitional arrangement will include that a municipality (when uploading its information to the portal), will in its upload file, communicate the *mSCOA Chart Version* it used, via the data string. This will alleviate any challenges across versions in this final testing phase before the locked '*mSCOA Chart Version 6.0*' is issued for use by all municipalities for the 2017/18 MTREF.

Municipalities will be asked to identify the version of *mSCOA* used during the uploading of the batch files through the LG Upload portal but will also be required to state the version used to prepare the batch files as an additional parameter in the file. The National Treasury will communicate the final instruction when the reporting package is released with *mSCOA* version 6.0.

2. Local Government integrated financial management and internal control systems – *the RT25 transversal procurement process and what it means*

MFMA Circular 80 (issued on 8 March 2016), advised municipalities and municipal entities that the National Treasury, through the Office of the Chief Procurement Officer, advertised a Request for Proposal (RFP) on 4 March 2016 for the appointment of service providers for an *Integrated financial management and Internal control system for local government* (RT25-2016 on page 115 of Tender Bulletin No. 2906).

The procurement process was structured as a transversal contract and differentiation applied to the technical specifications and business process in accommodating for all categories of municipalities i.e. metropolitan municipalities, secondary cities, large towns, small towns, district municipalities with billing, and districts without billing.

We confirm that the procurement process has been completed and the outcome is available at the following link:

<http://www.treasury.gov.za/divisions/ocpo/ostb/contracts/default.aspx>

Vendors have been successful per category of municipality as follows:

Bidder Name	Municipal Categories	Guideline pricing
Altron TMT (Pty) Ltd T/A Bytes	A on site;	R 34 325 006.00
Universal Systems (Pty) Ltd	A hosted off site;	R 34 114 078.00
	B1 on site;	R 22 759 164.00
	B1 hosted off site;	R 24 493 722.00
	B2 on site;	R 16 032 103.00
	B2 hosted off site;	R 16 908 888.00
	B3 on site;	R 9 880 062.00
	B3 hosted off site;	R 10 282 161.00
	B4 on site;	R 8 219 640.00
	B4 hosted off site;	R 8 835 619.00
	C1 on site;	R 6 142 138.00
	C1 hosted off site;	R 6 816 420.00
	C2 on site;	R 9 131 295.00
	C2 hosted off site	R 9 594 329.00


Camelsa Consulting Group (Pty) Ltd	B2 on site;	R 14 740 810.00
	B2 hosted off site;	R 14 296 047.00
	B4 on site;	R 6 493 192.00
	B4 hosted off site;	R 6 611 592.31
	C2 on site;	R 8 346 490.80
	C2 hosted off site	R 8 523 737.80
OS Holdings (Pty) Ltd	C1 on site;	R 5 793 373.40
	C1 hosted off site	R 5 655 147.24
Munsoft	A on site;	R 45 308 139.19
	B1 on site;	R 29 012 367.19
	B2 on site;	R 20 199 711.13
	B3 on site;	R 13 908 830.41
	C2 on site	R 12 945 573.65
Sage Pastel (Sage South Africa (Pty) Ltd	A on site;	R 104 995 004.00
	A hosted off site	R 106 199 881.00
Sebata Municipal Solutions (Pty) Ltd	A on site;	R 103 234 991.75
	A hosted off site;	R 96 052 636.86
	B1 hosted off site;	R 31 765 351.86
	B4 hosted off site;	R 9 085 187.35
	C2 on site;	R 12 521 264.25
	C2 hosted off site	R 8 050 045.28
Vesta Technical Services (Pty) Ltd	A on site and hosted off site;	R 76 150 320.45
	B2 on site and hosted off site;	R 20 122 553.16
	B3 on site and hosted off site;	R10 397 281.47
	B4 on site and hosted off site;	R 6 812 245.63
	C1 on site and hosted off site	R 7 437 506.74
	C2 on site and hosted off site	R 13 831 376.17

Municipalities should take note that this was a PROCUREMENT process and not an accreditation of systems or vendors.

What does it mean if a service provider is on the panel or is not on the panel of service providers awarded the RT25 transversal contract?

It is crucial to note that the RT25 – 2016 transversal process was a procurement process and NOT an accreditation process. The purpose of the RT25 – 2016 transversal process was to procure a panel of mSCOA enabling systems that a municipality may use to fast track and simplify its system(s) procurement process (should it be in the municipality's best interest to procure a new system or components thereof or upgrade its existing system(s)). The RT25- 2016 transversal

process at NO stage attempted to evaluate ALL systems available in the affected environment and the process could only evaluate systems that submitted a bid through the process described in the table below:

	1. Mandatory requirements To be appointed to the <i>RT25-panel of service providers</i> , a provider 1 st had to meet the mandatory requirements of the bid specification. For example: (i) A valid tax certificate was submitted; (ii) Attend the compulsory briefing session; and (iii) The technical response and pricing were submitted in the prescribed format; etc.	What does this mean? If a provider did not meet any of the mandatory requirements, the provider was disqualified from the entire procurement process already in this 1 st phase. For example, if the bidder did not attend the briefing session or did not respond in the prescribed formats.
	Conclusion – No stakeholder is able to state that a <i>service provider's offering enables or does not enable mSCOA transacting, if the service provider was disqualified from the procurement process</i> because it did not meet any of the mandatory RT25 - requirements.	
	2. Functional evaluation If a service provider passed the 'mandatory requirements' of the procurement process: The provider (to be appointed to the <i>RT25 - panel of service providers</i>), had to be successful in a functional self-evaluation (<i>that had to be submitted as part of the bid documentation</i>) and a <i>desk-top evaluation considering municipal experience and implementation methodology</i> . For example: (i) The proposed system offering meets <i>all the mandatory requirements</i> and minimum business processes (in terms of RT25) for the category of municipality it wants to service; (ii) The system will be available for purchase by a municipality of that category; (iii) It is more beneficial if the vendor has experience of IT implementations in municipalities in South Africa; and (iv) The vendor has proposed an implementation methodology which clearly indicates a good understanding of the challenges within municipalities and the requirements of mSCOA; etc.	What does this mean? If the proposed solution did not meet any of the mSCOA functional self-evaluation criteria, the provider was disqualified from the entire procurement process. If a proposed solution passed all the mSCOA functional self-evaluation criteria but is not for sale to municipalities outside its existing customer base , it was also disqualified from the process.
Conclusion – No stakeholder is able to state that a <i>service provider's offering enables or does not enable mSCOA transacting, if the service provider was disqualified from the procurement process</i> because it did not meet any of the RT25 – functional evaluation requirements, at the time of the RT25-functional evaluation.		
Some of the service providers (disqualified at the time of evaluation) have		

since made significant investment to enable mSCOA transacting and there is a possibility that these do actually NOW enable mSCOA transacting. These service providers will NOT be included in the RT25-panel of providers, since at functional evaluation phase, the required functionality was not present.

Or, for example:

The service provider was disqualified because it only intends to serve its existing customer base, rendering it futile to be on a 'panel of potential providers' available to municipalities. However, its service offering could possibly enable mSCOA transacting but is NOT Included in the RT25-panel of providers.²

3. Practical demonstrations

What does this mean?

If a service provider passed the 'functional evaluation (2nd phase)' of the procurement process:

If a provider failed to demonstrate practically, in a live systems environment, that its service offering meets the functional self-evaluation criteria, the provider was disqualified from the entire procurement process.

The provider (to be appointed to the RT25 - panel of service providers), had to practically demonstrate the minimum functional self-evaluation criteria in a live systems environment, to successfully pass this phase of the procurement process.

For example:

- (i) In the live environment the service offering allows budgeting, transacting and reporting in addition to the hosting of the mSCOA chart in all seven (7) mSCOA segments; and
- (ii) In the live environment the service offering enables transacting in mSCOA without mapping/ extrapolating/ any manual intervention; etc.

Conclusion – At the time of the RT25-practical demonstration phase, the provider's offering could not demonstrate that it enables mSCOA transacting in a live systems environment. However, some of the service providers (disqualified at the time of this phase) have since made significant investments to enable mSCOA transacting in a live environment and it is possible that these systems can actually NOW enable mSCOA transacting in a live systems environment. These providers are NOT included in the RT25-panel of providers (because at the time of evaluation they could not demonstrate such).

4. Pricing negotiations

What does this mean?

If a service provider passed the 'practical demonstrations in a live environment (3rd phase)' of the procurement process:

Some service providers were disqualified from the procurement process due to them not being able to adequately address the concerns raised by the

The pricing per category as proposed by the provider (to be appointed to the RT25-panel of

² Some service provider's offerings were identified as not being for sale to new municipalities clients, during the demonstration phase and were disqualified from proceeding further with the procurement process.

	<p>service providers) was compared to the current market prices, utilising a <i>pricing bell curve</i> (statistical evaluation) for the relevant category(s).</p> <p>For example:</p> <ul style="list-style-type: none"> (i) Some service offerings were priced significantly <u>above</u> or <u>below</u> the bell curve of the price range for that category of service offerings; (ii) Such service providers were requested to reconsider their bid(s) for completeness/ accuracy; etc.; and (iii) Make the necessary updated proposal(s)/ clarification/ confirmations to the evaluation panel for consideration. 	<p>evaluation panel during this 4th phase of evaluation.</p>
	<p>Conclusion – No stakeholder is able to state that a <i>service provider's offering enables or does not enable mSCOA transacting</i>, if it was disqualified from the procurement process because it did not pass the pricing negotiations phase.</p> <p>This is because this step of the process may have revealed that the offering is incorrectly priced and this could not be adequately addressed during the negotiations in this 4th phase.</p>	
	<p>5. Bid Adjudication Committee (BAC) evaluation</p> <p>If a service provider passed the 'pricing negotiations (4th phase)' of the procurement process:</p> <p>The provider was recommended to be appointed to the <i>RT25-panel of service providers</i> by the Bid Evaluation Committee (BEC). The Bid Adjudication Committee (BAC), based on the submission and recommendations of the Bid Evaluation Committee (BEC), evaluate all the supporting evidence and make a final decision on the award of RT25 to every individual service provider that submitted a bid. The BAC may also disqualify service providers at this stage of the process for various reasons.</p>	<p>What does this mean?</p> <p>Service providers could have been disqualified from the procurement process by the Bid Adjudication Committee (BAC), during its final review, if they were not convinced that a service provider passed any one/ some/ all of the abovementioned procurement phases of the evaluation process.</p> <p>Conclusion – No stakeholder is able to state that a <i>service provider's offering enables or does not enable mSCOA transacting</i>, if they were <u>disqualified from the procurement process</u> and therefore was not included in the panel of RT25-service providers. This is because the Bid Adjudication Committee (BAC) may have disqualified the offering based on any/ some/ all of the evaluation phases discussed above.</p> <p>A service provider may also have, <u>since being disqualified</u>, addressed the shortcomings that <i>disqualified it at that stage of the evaluation</i> in the procurement process. These providers are not included in the panel, because at the evaluation they could not demonstrate such.</p>

Based on the conclusions above, it is crucial that *every municipality, going forward, note and follow in detail the process, set-out in Annexure B, step-by-step, including maintaining relevant supporting documentation (evidencing each step of the process) as part of its audit file.*

**Annexure C to this circular, includes an example mSCOA systems decision tree to assist municipalities.³*

The process in Annexure B applies to:

- All municipalities (pilot, non-pilot, and amalgamating municipalities);
- A 'municipality', including all its municipal entities;
- The procurement of a new system(s), procurement of components of additional functionality and/ or an upgrade of an existing system(s); and
- A municipality that will remain with its package of existing system(s) with or without requiring components of additional functionality.

3. mSCOA - Training

3.1 Accredited mSCOA Training

The National Treasury, in partnership with IMFO have developed accredited mSCOA training. This process included the accreditation of service providers that may provide the mSCOA accredited training, with effect 1 August 2016.

The accredited training material provides an introduction and theoretical information on the Municipal Standard Chart of Accounts and includes testing of a candidate on these aspects. A person that participated in this training will have a good grounding knowledge of the mSCOA chart but will not necessarily be practically equipped to implement the entire mSCOA project in a municipality.

Please note that the panel of accredited training providers can be accessed from the IMFO website, www.imfo.co.za

³ The decision tree was adapted from the information developed by the KwaZulu-Natal Provincial Treasury.

All municipalities interested in accredited mSCOA training can contact:

Ms. Lindi Nolte

Institute of Municipal Finance Officers (IMFO)

Tel: +27 11 394 0879

Fax: +27 11 394 0886

Email: lindi@imfo.co.za

Website link: <http://www.imfo.co.za/>

3.2 Non-Accredited Training

The National Treasury mSCOA project team, as part of its project implementation support to Provincial Treasuries and municipalities is continuously developing training material and rolling it out across the affected environment. This material and training initiatives are not accredited, but are *practical support* geared specifically to assist and guide municipalities in their mSCOA project implementation. For example, how to convert the municipality's existing trial balance into the mSCOA classification. It is therefore **different and not a duplication** of the accredited training (or covered in the accredited training).

If your municipality has not already been involved in non-accredited training, please contact your Provincial Treasury mSCOA Coordinator for more information and availability.

3.3 System(s) Training

There are numerous systems available in local government. Each of these may be quite unique with different operating rules, requirements and how modalities and function(s)/interact.

It is important that, subject to the municipality's decision on the way forward with its system offering, it involves all affected officials across its environment in relevant systems training offered by its service provider(s). This means (a) training from its existing systems providers (if it will remain with such provider or a systems upgrade thereof) or (b) training on the system functionality by its new system provider(s) should it be changing systems.

The mSCOA reform included that all piloting vendors must include budgeting functionality across all the regulated (6) six segments from an integrated development plan (IDP) perspective. This reform was incorporated into the minimum mSCOA compliance requirements.

Utilising the vendor-developed functionality instead of the antiquated excel templates ⁴, across its entire municipal departments will be very useful, especially considering that the municipality must capture its integrated development plan (IDP) and budget in the *mSCOA* classification on its system as soon as October/ November 2016 to enable the municipality to follow a public consultation process and tabling of an *mSCOA* compliant budget in March 2017 for full *mSCOA* transacting with effect 1 July 2017.

The municipality should contact its system provider(s) in this regard.

4. What should a municipality (pilot and non-pilot) be doing during August/ September 2016

Every municipality, during August / September 2016, should:

1. Download 'mSCOA Chart Version 6.0', review the chart, and familiarise itself with the content, for implementation by October/ November 2016 for use in budget compilation;
2. Familiarise itself with the content of Municipal SCOA Circulars 5 and 6 and implement these circulars;
3. Participate in non-accredited training with its Provincial Treasury, geared at converting its existing trial balance to the *mSCOA* chart;
4. Unpack its "repairs and maintenance" and "all new capital projects" into the *mSCOA* Project Segment;
5. Identify officials that should attend the accredited and non-accredited *mSCOA* training and make arrangements for such;
6. Submit all *mSCOA* related information, requested by the National Treasury in Municipal SCOA Circulars 5 and 6 to the National Treasury and Provincial Treasury;
7. Conduct the assessment (due diligence) of the existing package of systems used by the municipality and all its municipal entities to make a final decision on whether to remain with its existing package of systems or to upgrade systems or to change systems (**Annexure B**); and
8. Submit any *mSCOA* related queries to the *mSCOA* Frequently Asked Questions Portal:
<http://mscoafaq.treasury.gov.za/Main.aspx>

⁴ This refers to the practice of some municipalities to budget in excel. This does not refer to the Annexure A1 schedules of the Municipal Budget and Reporting Regulations (MBRR), 2009.

You can access the FAQ Database or (if you have not yet registered as a user) register on the FAQ database at the link provided in the discussions above (also refer to Municipal SCOA Circular No. 3 in this regard).

Contact



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JH Hattingh
Chief Director: Local Government Budget Analysis
02 August 2016



NATIONAL TREASURY

MFMA Circular No. 80

Municipal Finance Management Act No. 56 of 2003

Municipal Financial Systems and Processes requirements in support of the Municipal Standard Chart of Accounts (mSCOA).

This is a follow-up Circular to MFMA Circular No. 57 that replaces MFMA Circular 57 (financial systems and processes) and updates municipalities and municipal entities on the review of local government financial systems and business processes subsequent to the 'piloting' of the mSCOA classification framework. It is important to read this Circular in conjunction with MFMA Circular No. 57, all the Municipal SCOA Circulars, and all documentation posted on the National Treasury website as it relates to mSCOA (i.e. project summary document, presentations of the mSCOA Integrated Consultative Forum etc.).

CONTENTS

1. INTRODUCTION	2
2. ACCOUNTABILITY FOR MSCOA IMPLEMENTATION AND COMPLIANCE.....	3
3. RESEARCH INTO SYSTEMS OF FINANCIAL MANAGEMENT AND INTERNAL CONTROL – MFMA CIRCULAR NO. 57	5
4. WHAT CONSTITUTES MINIMUM COMPLIANCE TO MSCOA – BUSINESS PROCESSES AND SYSTEM FUNCTIONALITY	6
5. DETAIL BUSINESS PROCESS REQUIREMENTS AND ASSOCIATED SYSTEM FUNCTIONALITY	10
6. COMMERCIAL-OFF-THE-SHELF TIER 1 INTEGRATED FINANCIAL MANAGEMENT SYSTEMS VERSUS LOCAL, BESPOKE AND THIRD PARTY SYSTEMS.....	11
7. LEGISLATIVE FRAMEWORK – PROCUREMENT OF SYSTEMS OF FINANCIAL MANAGEMENT AND INTERNAL CONTROL.....	12
8. TRANSVERSAL CONTRACT FOR THE SUPPLY OF AN INTEGRATED FINANCIAL MANAGEMENT AND INTERNAL CONTROL SYSTEM FOR LOCAL GOVERNMENT.....	13
9. MFMA CIRCULAR NO. 57	15
ANNEXURE A – LIST OF ALL MUNICIPALITIES AND THEIR RESPECTIVE SYSTEM VENDORS (SERVICE PROVIDERS) WHICH ACTIVELY PARTICIPATED AND CONTRIBUTED DURING THE MSCOA PILOTING PHASE.....	16

1. Introduction

National Treasury issued MFMA Circular No. 57 with a specific view to stabilise the overall systems of financial management and internal control operationally functional within municipalities; this position necessitated among others:

- Pending regulation of the Municipal Regulations on a Standard Chart of Accounts (*mSCOA*);
- Varying levels of deficiency in the functionality of systems of financial management and internal control which would in all probability impede the implementation of the Regulation on the Standard Chart of Accounts by municipalities; and
- Possibility that municipalities could in the interim be investing in systems of overall financial management and internal control that do not necessarily meet the minimum system functionality in support of a multi-dimensional chart as prescribed by the Municipal Regulations on a Standard of Accounts (*mSCOA*).

The Municipal Regulations on a Standard Chart of Accounts (*mSCOA*) was gazetted by the Minister of Finance on 22 April 2014. The National Treasury then commissioned *mSCOA* Project Phase 4 (Change Management and Piloting). Primary objectives of the piloting phase included:

- a) Piloting of the *mSCOA* classification framework in selected municipalities to refine the Segments and associated detail,
- b) Reviewing and assessing the existing system functionality of service providers operating within municipalities against the broader business requirements of the *mSCOA* Regulation; and
- c) Determining minimum system and business process requirements to effectively operate the multi-dimensional structure of *mSCOA* as envisaged and prescribed by the Regulation and address certain limitations with the implementation of the entire financial management accountability cycle.

The piloting phase of *mSCOA* Project Phase 4 has proved most useful in that detail transactional findings based on the actual piloting has provided for further refinement to the classification framework; since the publication of the Regulation on 22 April 2014, the chart has been revised four times giving rise to *mSCOA* Version 5.4. The National Treasury is in the process of updating Version 5.4 with slight amendments after which *mSCOA* Version 6 will be released and locked down for the first year (2017/18) transacting and auditing. It is anticipated that *mSCOA* Version 6 will be locked down within the next two months; changes between Version 5.4 and Version 6 are anticipated as minimum.

In addition to strengthening the classification framework to meet the transactional requirements of all municipalities, the piloting exercise has also provided an invaluable understanding of the current landscape of systems of financial management and internal control currently operationally functional within municipalities. This research has provided for a clear understanding of what is required from a system of financial management and internal control as it relates to technical and business process functionality in support *mSCOA* and the overall local government financial management accountability cycle.

Chapter 3 of the Municipal Regulations on a Standard Chart of Accounts provides that the Minister of Finance may determine minimum business processes and system requirements through issuing a gazette. This MFMA Circular provides guidance as it relates to these requirements as envisaged by Chapter 3 of the Regulation. Guidance supplied in this Circular will provide the basis for determining the minimum business and system requirements to gazette at a future date as envisaged in the Regulation.

This MFMA Circular therefore provides municipalities with guidance relating to:

- Accountability as it relates to *mSCOA* implementation;
- Outcome of the research into financial management and internal control systems;
- Minimum business processes and system requirements to ensure *mSCOA* compliancy and address business process requirements across the entire local government financial management accountability cycle; and
- The issuing of a request for proposals (RFP) for the appointment of service providers for an integrated financial management and internal control system for local government.

Annexure A provides a list of all municipalities and their respective system vendors (service providers) which actively participated and contributed during the piloting phase.

2. Accountability for *mSCOA* implementation and compliance

During the piloting process, the National Treasury's *mSCOA* Project Team experienced, to varying levels, a shift of accountability for *mSCOA* implementation. In some instances, municipalities would shift operational responsibility onto their system vendor; the inverse was also observed. Expectations also include that the National Treasury and provincial treasuries would facilitate the process on behalf of municipalities and even cover the costs associated with *mSCOA* implementation.

Municipalities are reminded that the National Treasury is constitutionally mandated to set norms and standards to ensure both transparency and internal control of the financial affairs of all three spheres of government. In addition, the National Treasury must execute against its constitutional monitoring and oversight role over municipalities as it relates to adherence and compliance to the legislative framework governing local government. While the National Treasury acknowledges that municipalities would require guidance with the implementation of a strategic financial management reform of this nature, and the National Treasury will continue to provide such, ***the municipality and municipal entity remains ultimately responsible and accountable to implement mSCOA across its organisation.*** In this regard, your attention is drawn to Chapter 5 (Responsibilities of Municipal Functionaries) of the mSCOA Regulation of which section 12 and 13 reads as follows:

“Responsibilities of municipal councils and boards of directors

12. The municipal council of a municipality and the board of directors of a municipal entity must take the necessary steps to ensure that these Regulations are implemented by the adoption of any resolutions, policies and budgetary provisions necessary for the implementation of these Regulations.

Responsibilities of accounting officers

13. The accounting officer of a municipality or municipal entity must take all necessary steps to ensure that these Regulations are implemented by at least—
 - (a) delegating the necessary powers and duties to the appropriate officials;
 - (b) ensuring that the responsible officials have the necessary capacity by providing for training and ensuring that they attend training or workshops provided by the National Treasury;
 - (c) ensuring that the financial and business applications of the municipality or municipal entity have the capacity to accommodate the implementation of these Regulations and that the required modifications or upgrades are implemented; and
 - (d) submitting reports and recommendations to the municipal council or the board of directors, as the case may be, that provide for the adoption of any resolutions, policies and budgetary provisions necessary for the implementation of these Regulations.”

In terms of compliancy with the Regulation, the ordinary regulatory and oversight bodies (i.e. the Auditor General of South Africa, National Treasury, DCoG, South African Revenue Service, Department of Water Affairs, National Energy Regulator of South Africa, etc.) will

review the municipality's and municipal entity's embrace of *mSCOA* as part of their normal oversight and monitoring activities.

Notwithstanding the accountability that vests with municipalities themselves to ensure compliance with the entire local government legislative framework, including the Municipal Regulations on a Standard Chart of Accounts, many municipalities have requested assistance from the National Treasury and respective provincial treasuries in dealing with some technical aspects of *mSCOA* implementation. Challenges and concerns relating to financial management and internal control systems have undoubtedly been top of the list. While it is acknowledged that financial management and systems of internal control is a key consideration with the implementation of the *mSCOA*, it is only one aspect. *mSCOA* implementation cannot be considered solely an ICT or finance reform; on the contrary it is a complete organisation reform and must be approached as such for it to be successfully implemented at a municipal level.

3. Research into Systems of Financial Management and Internal Control – MFMA Circular No. 57

MFMA Circular No. 57 was released on 20 October 2011 with the primary objective of informing municipalities of the investigation into local government financial systems and processes and to outline the procedure that municipalities need to comply with when considering a replacement of their core financial systems. Importantly, MFMA Circular No. 57 was issued 31 months prior to the gazetting of the Municipal Regulations on Standard Chart of Accounts (22 April 2014) as the National Treasury understood that the *mSCOA* would have to be supported by appropriate systems of financial management and internal control. This was considered a prerequisite for *mSCOA* implementation and consequently MFMA Circular No. 57 placed limitations on the replacement of systems of financial management and internal control.

Section 5 of the MFMA enables National Treasury to investigate any system of financial management and internal control in a municipality or municipal entity and recommend appropriate improvements. Since the release of MFMA Circular No. 57, the National Treasury has continued with the commissioning of a project into the research and assessment of various financial applications and related software; this project has culminated into five years' worth of research and development. Unlike the national and provincial sphere, local government has its own peculiarities, such as operating a host of different systems of financial management and internal control. In dealing with this challenge it was considered appropriate

to review not only the system functionality as it relates to *mSCOA* compliancy, but also the business processes required to optimally manage the business of local government.

The outcome of this research, which was aligned and informed by the 'piloting' of the *mSCOA* classification, has resulted in a comprehensive list of business processes that should be supported by system functionality (systems of financial management and internal control). **Annexure B (System Specifications)** to this Circular includes a detailed list of these business processes and will be further explained in this MFMA Circular. **Importantly, municipalities need to evaluate the functionality of their current financial management and internal control systems against these business processes and technical specifications.** If the outcome of the assessment is favourable, then municipalities would not necessarily need to replace their current financial management and internal control system. The service provider would however have to provide the municipality with guarantees to this effect. Municipalities are also urged to make use of the guidance supplied in *Municipal SCOA Circular 2* in undertaking this assessment.

4. What Constitutes Minimum Compliance to *mSCOA* – Business Processes and System Functionality

Municipalities must ensure when examining the functionality of their current systems of financial management and internal control that it meets the minimum business processes and system requirements as stated in the objective of the *mSCOA* Regulation, namely; a system of financial management and internal control capable of providing for the uniform recording and classification of both **municipal budget and financial information at a transaction level** in the prescribed municipal standard chart of accounts, for both municipalities and municipal entities.

Systems of financial management and internal control must, as a minimum, comply with these explicit business process requirements as contained in the *mSCOA* Regulation, in that it:

- a) **Must provide** for the hosting of the *mSCOA* structure and associated detail as contained in the seven defined Segments;
- b) **Be able to accommodate and operate** the classification framework across all seven segments at a transactional level as defined in the associated detail to the Segments;

- c) **Must provide** for the data extraction functionality as per the segmented transactional string and seamless upload to the Local Government Database as hosted by the National Treasury;
- d) **May not** apply methodologies of data mapping or data extrapolation¹ to provide for the segmented transactional data string at a transactional level above as explained in point c) above;
- e) **Must provide** for full seamless integration between the core financial system representing the general ledger, and any third party system with a direct impact on the general ledger i.e. human resource and payroll third party systems, billing etc.; and
- f) **Must have** access to hardware that is sufficient to run the required software solution.

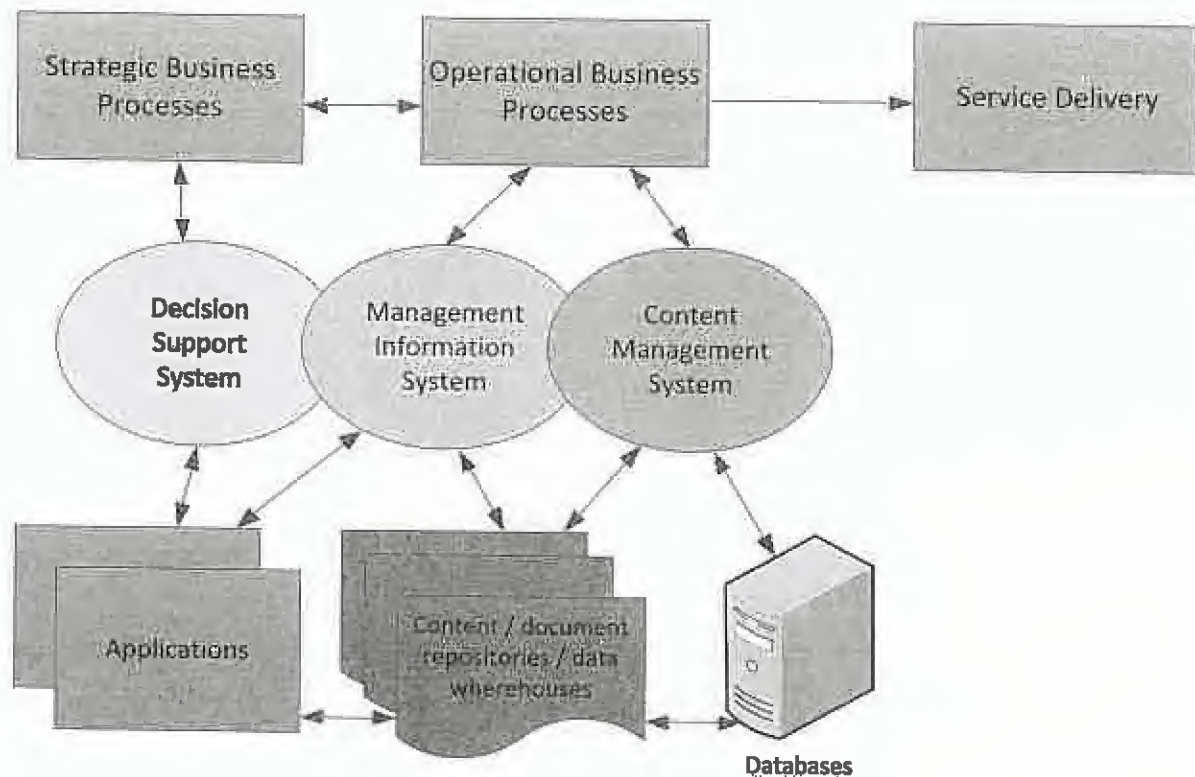
While the above might be considered to be extremely high level in providing guidance to municipalities, municipalities should remind themselves of the overall objective of the Regulation, which is to ensure the consistent classification of municipal transactional information across the entire local government accountability cycle for all 278 municipalities.

Municipalities need to understand the important linkage between business processes and systems of financial management and internal control i.e. financial applications. There are fundamental business processes which cannot be compromised. The business processes active within an organisation play a critical role in supporting management in generating information for management decision making and accountability for service delivery outcomes.

Increasingly, entities are using technology to automate, simplify and streamline particular tasks and functions. In this way, commercial or bespoke solutions are meant to assist officials within an organisation to generate information for management control and decision making purposes. As illustrated in the diagram below there is a direct correlation between management performance and information availability within any organisation.

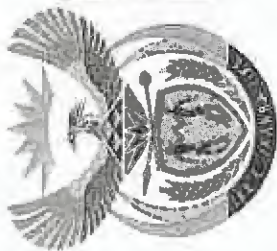
¹ Manual intervention or interpretation of data.

The following diagram provides an illustrative perspective of the complete information management system and linkage to business processes:



The diagram below provides an illustrative perspective of the linkage between the local government financial management accountability cycle and *m*SCOA. The diagram clearly demonstrates how business processes, system functionality and management decision making need to be considered in a seamless manner and that these cannot be considered in isolation:

Acronym used in the diagram:	Refer to the:
MBRR	Municipal Budget and Reporting Regulations, 2009
IDP	Integrated Development Plan
SDBIP	Service Delivery- and Budget Implementation Plan
IYR	MFMA section 71 and 72 in-year reporting
AFS	Annual Financial Statements

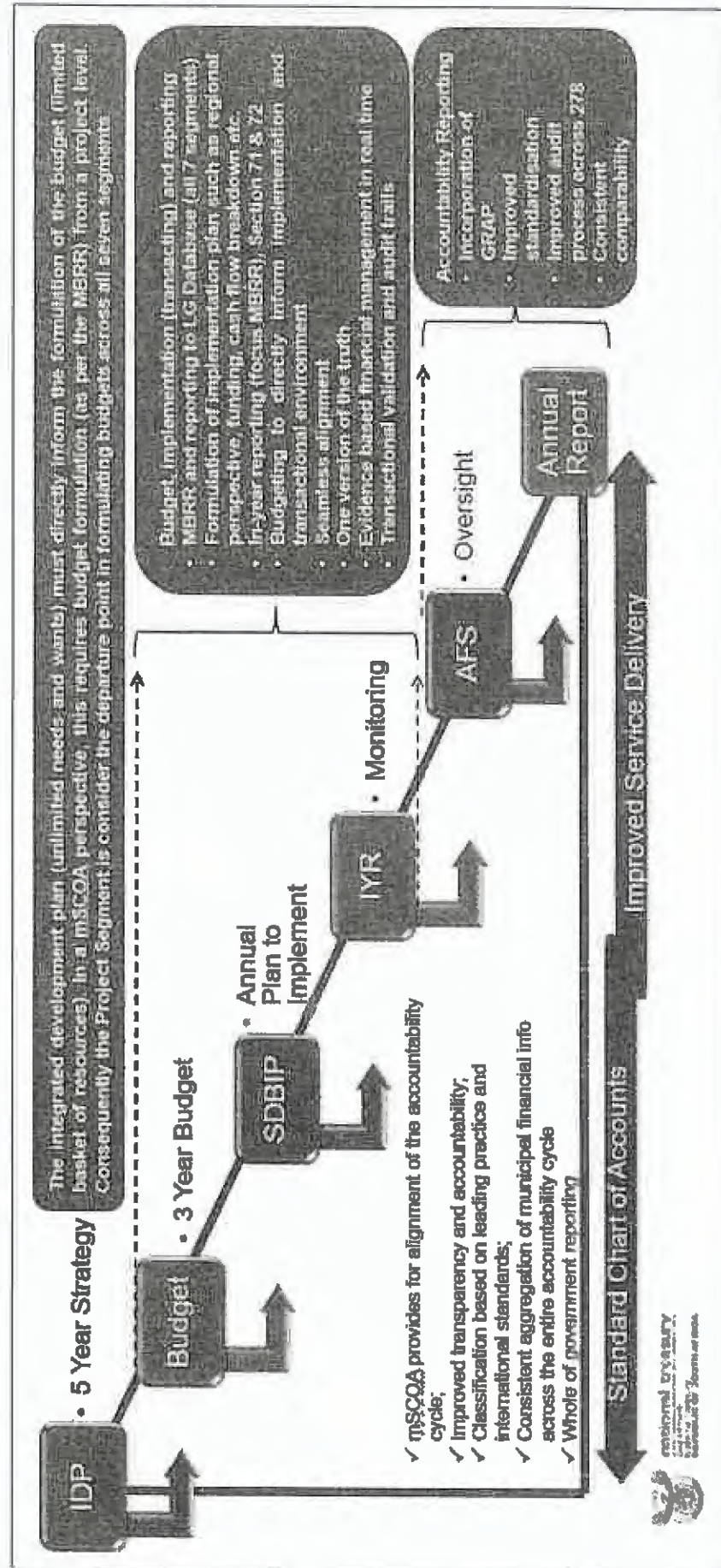


NATIONAL TREASURY

MFMA Circular No. 80

Municipal Finance Management Act No. 56 of 2003

The Local Government Financial Management Accountability Cycle and Its Linkage with mSCOA:





NATIONAL TREASURY

MFMA Circular No. 80

Municipal Finance Management Act No. 56 of 2003

5. Detail Business Process Requirements and Associated System Functionality

Any system of financial management and internal control, as a minimum, must comply with the seven main business and process components. The seven components must integrate seamlessly with the *mSCOA* general ledger and comply at a posting level to the *mSCOA* Regulations and GRAP. The seven main components are defined as follows:

1. General Ledger;
2. Billing;
3. Supply chain management;
4. Assets management;
5. Inventory and stores;
6. Budgeting and planning; and
7. Human Resources and payroll.

Directly aligned to the defined components as listed above, fifteen major business processes have been defined within Local Government. These fifteen business processes are as follows:

- i. Corporate Governance;
- ii. Municipal Budgeting, Planning and Modelling;
- iii. Financial Accounting;
- iv. Costing and reporting;
- v. Project Accounting;
- vi. Treasury and Cash Management;
- vii. Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable;
- viii. Grant Management;
- ix. Full Asset Life Cycle Management including Maintenance Management;
- x. Real Estate and Resources Management;
- xi. Human Resource and Payroll Management;
- xii. Customer Care, Credit Control and Debt Collection;
- xiii. Valuation Roll Management;
- xiv. Land Use Building Control; and

xv. Revenue Cycle Billing.

Directly aligned to the research outcomes into systems of financial management and internal control, the outcome of the *m*SCOA piloting process, and legislative requirements across the entire local government accountability cycle, these fifteen high level business processes have been further defined into sub-processes as contained in ***Annexure B***. These sub-processes represent the business and technical requirements to ensure not only *m*SCOA compliancy, but also address the broader requirements of a system of financial management and internal control within a South African local government context.

6. Commercial-Off-The-Shelf Tier 1 Integrated Financial Management Systems versus Local, Bespoke and Third Party Systems

Observers have commented that only Commercial-Off-The-Shelf (COTS) Tier 1 Solutions will provide for *m*SCOA compliancy; the **National Treasury position**, informed by its five-year research in this regard, is **set-out below**:

The *m*SCOA pilot process confirmed that traditional locally designed systems and solutions can, similar to COTS, also provide the functionality in dealing with the business and technical requirements associated with *m*SCOA; in some cases, these locally designed systems also represent what has commonly been referred to as an integrated financial management system and incorporate best-of-breed and internationally accepted standards as it relates to financial management and internal control systems. In addition, some municipalities are operating on a core financial system supported by integrated third party solutions which also achieved the objectives and definition of an integrated financial management system.

However, irrespective of the municipality's preferred option (COTS/ or locally designed/ and including integrated third party solutions) it is crucial to maximise the cost savings and associated *m*SCOA implementation benefits offered to the municipality or municipal entity when making a decision in this regard. All municipalities are therefore advised to consider and compare the various service offerings in the transversal *Local Government Integrated Financial Management and Internal Control* tender, discussed in paragraph 8 below.

In our experience, it is more cost effective for a municipality to use an ICT system(s) solution which support and system updates are Rand based. Furthermore, it *appears* that local solutions are *generally* flexible to allow manual and excel integration at municipalities that do

not have the capital and/ or skills to operate COTS Tier 1 Solutions with their associated architectural configuration requirements.

7. Legislative Framework – Procurement of Systems of Financial Management and Internal Control

The MFMA (in particular chapter 11), the Municipal Supply Chain Management (SCM) Regulations and the Municipal Regulations on a Standard Chart of Accounts (*mSCOA*) apply to any system(s) conversion. In this regard, it is important that a municipality and municipal entity note that:

SCM Regulation, Section 31 - allowed the State Information Technology Agency (SITA) to assist a municipality to procure IT related goods or services through a competitive bidding process. Owing to the technical nature of the *mSCOA* classification framework, associated business processes and system requirements, the National Treasury recommends that municipalities ensure these minimum requirements as contained in this Circular are adequately addressed should they choose to proceed with Section 31 of the SCM Regulations.

SCM Regulation Section 32 - allows for procurement of goods and services under contracts secured by other organs of state but only if:

- a) the contract has been secured by that other organ of state ***by means of a competitive bidding process applicable to that organ of state;***
- b) the municipality has ***no reason to believe that such contract was not validly procured;***
- c) There are ***demonstrable discounts or benefits for the municipality to do so;*** and
- d) That the ***other organ of state and the provider have consented to such procurement in writing.***

In addition to the explicit requirements indicated above, municipalities need to comply with the following as it relates to **SCM Regulation Section 32**, namely:

- a) The scope of the services or works or the quantities of the goods in terms of specifications **must be exactly the same as those included in the contract awarded by the other organ of the State;**

- b) The contract entered into between the municipality and the service provider/ supplier **must be exactly the same** as the one that was originally secured by the other organ of the State; and
- c) The tender price that is included in the contract of the municipality **must be exactly the same** as the price that was included in the contract secured by the other organ of the State.

A municipality considering using a contract secured by another organ of the State for the procurement of a financial management and internal control system at this point in time would in all probability not meet the criteria as listed above. This owing to the fact that the National Treasury is unaware of any procurement that has recently been successfully concluded based on the business processes and technical requirements that would give effect to *mSCOA* compliancy. On the contrary, the National Treasury has only recently concluded the piloting of the classification framework which has resulted in the release of *mSCOA* Version 5.4 in December 2015 as explained in the introduction to this Circular.

To support municipalities in this regard, a transversal contract for the supply of *an integrated financial management and internal control system for local government* was issued and is discussed below in paragraph 8. Municipalities can use this transversal contract freely in terms of SCM Regulation 32 since it already meets all the criteria as discussed above.

8. Transversal Contract for the Supply of an Integrated Financial Management and Internal Control System for Local Government

As mentioned earlier in the Circular, one of the pressing concerns consistently raised by municipalities with the implementation of the *mSCOA* has been the functionality of current financial management and internal control systems to effectively operate on the multi-dimensional classification framework as represented by the seven segments and associated detail. Concerns raised have included:

- Limited technical skills within municipalities to effectively assess and evaluate system functionality aligned to the requirements of the *mSCOA* Regulation;
- It is difficult to determine actual requirements versus nice to have's;
- While municipalities undertake a supply management process, the technical assessment of actual service offerings is difficult owing to the technical nature of system evaluations; and

- Municipalities aren't necessarily getting value for money in relation to the service offering they receive.

Considering the challenges experienced by municipalities, the National Treasury, through the Office of the Chief Procurement Officer, advertised a Request for Proposal (RFP) on 4 March 2016 for the appointment of service providers for *an integrated financial management and internal control system for local government* (RT25-2016 on page 115 of Tender Bulletin No. 2906). The process has been structured as a transversal contract and differentiation applied to the technical specifications and business process in accommodating for all categories of municipalities i.e. metropolitan municipalities, secondary cities, large towns, small towns, district municipalities with billing, and districts without billing.

Municipalities are urged to review all the tender documentation in familiarising themselves with the content and structure of the RFP. The documentation can be accessed at:

<http://www.etenders.gov.za/content/rt25-2016-appointment-service-providers-integrated-financial-management-and-internal-control>

The objective of this tender process is not only to save municipalities' time and effort with the procurement process, but also to provide clear guidance with the appointment of services providers. Once the tender process has been completed, which is envisaged for the latter part of May 2016, municipalities will be able to make use of the panel of services providers in entering into service level agreements for the supply of financial management and internal control systems.

Importantly, while the National Treasury will facilitate the transversal tender process and provide a panel of service providers for the supply of financial management and internal control systems to local government, ***municipalities will remain responsible for entering into service level agreements (SLA's), management of the SLA's, providing budget and the settlement of all invoices within the legislative framework governing local government.*** Municipalities are also reminded that ICT, financial management and internal control systems, and associated expenditure already forms part of existing budgets. Municipalities will have to reprioritise existing budget allocations to provide funding for the implementation of this strategic and necessary financial management reform. Municipalities are reminded that the Financial Management Grant (FMG) can also be used over the MTREF to support mSCOA implementation.

The National Treasury acknowledges that metropolitan municipalities and secondary cities, in most instances, have the necessary skills and ability to deal with not only procurement but also highly technical aspects of financial management and internal control systems. *In this regard, and with the exception of metropolitan municipalities and secondary cities, all other municipalities are highly recommended to make use of the transversal contract and associated panel of service providers for the supply of financial management and internal control systems once finalised. Should a municipality decide not to do so, it is required of them to formally write to the National Treasury (Chief Directorate: Local Government Budget Analysis) prior to going out on a supply chain management process, supplying clear reasons and motivation in support of the decision after which National Treasury will provide a written response and clear recommendations.*

9. MFMA Circular No. 57

This Circular replaces MFMA Circular No. 57 with immediate effect and does not apply retrospectively. Any system changes from 20 September 2011 to date, without following the guidance of the National Treasury could constitute fruitless and wasteful expenditure. The municipality and municipal entity is obliged to investigate any such system procurements/ changes and follow due governance in dealing with and reporting such, including appropriate disciplinary measures and recovering the costs of such system changes/ procurement from the person(s)/ official(s) responsible.

The National Treasury will not entertain any condonation of such fruitless and wasteful expenditure in the context of the clear guidance provided by MFMA Circular No. 57.

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08 March 2016

Annexure A – List of all municipalities and their respective system vendors (service providers) which actively participated and contributed during the mSCOA piloting phase.

Municipalities / Metro's	ICT System
Buffalo City	Solar
Camdeboo Local Municipality	Promun
City of Cape Town Metro	SAP
City Of Johannesburg	SAP
City of Tswane	SAP
Drakenstein Local Municipality	Solar
Ekurhuleni Metro	eVenus
Elias Motsoaledi Local Municipality	Munsoft
eThekweni	JD EDWARDS
Greater Giyani Local Municipality	Sage Evolution
Hessequa Local Municipality	Venus
Knysna Local Municipality	ProMun
Mangahung	Solar
Nala Local Municipality	BIQ
Nelson Mandela Bay	Sebata
Nkangala District Municipality	Munsoft
Overstrand Local Municipality	Samras
Richmond Local Municipality	Abakus ²
Senqu Local Municipality	Sebata
Setsotho Local Municipality	Munsoft
Sol Plaatje Local Municipality	eVenus
Tlokwe Local Municipality	Phoenix
uMgungundlovu District Municipality	Sage Evolution
uMhlathuze Local Municipality	ProMIS ²
Victor Khanye Local Municipality	Sebata



NATIONAL TREASURY

Addendum to MFMA Circular No. 80

Municipal Finance Management Act No. 56 of 2003

Municipal Financial Systems and Processes

This circular provides an update to municipalities and municipal entities regarding the ongoing investigation into local government financial systems and processes. This Circular augments the information and guidance provided in MFMA Circular No. 80 and must be read in the context of all the Municipal SCOA Circulars issued to date, and MFMA Circular No. 57 and aims to provide further clarity on the transversal tender RT25-2016.

CONTENTS

1	BACKGROUND	1
2	WHAT CONSTITUTES <i>m</i> SCOA COMPLIANCE	3
3	APPLICATION OF RT25-2016 – TRANSVERSAL AWARDS	5

1 Background

National Treasury issued MFMA Circular No. 80 on 8 March 2016, which in effect removed the “moratorium on ICT procurement”, put in place through MFMA Circular No. 57. The intention of MFMA Circular No. 80 is to ensure that municipalities going forward, when reviewing and/or considering compliance of systems of financial management and internal control, going forward, are empowered to do so in the most appropriate manner. In this regard it is advised that, given the imminent requirement to comply with the Standard Chart of Accounts for Local Government Regulations, 2014 (*m*SCOA Regulations), and the recently articulated business processes, municipalities are advised to:

- Avoid wasting public funds on unnecessary and fruitless ICT and internal control system changes;
- Conduct the appropriate level of assessments and/or ICT due diligence, if necessary, as envisaged and guided through Municipal SCOA Circulars No. 5 and 6; and
- Assess the most economically effective approach to ensure that the municipality is compliant, from a systems perspective, with the requirements of the *m*SCOA Regulations as a first priority. Compliance with the business processes, as envisaged and specified in Annexure B of MFMA Circular No. 80.

In order to avoid unnecessary wastage of state resources, it is strongly recommended that municipalities first consider carefully whether any change of ICT-related systems of financial management and internal control are warranted. In the event that a material upgrade or change to the existing package of systems are indeed warranted, and cannot practically be

addressed economically through engagement with present service providers, then municipalities are reminded that due process should be followed. In the event that procurement is at all necessary, then municipalities are advised to compare system costs against offerings available in terms of the RT25-2016 transversal contract.

Since March 2016, engagement with practitioners revealed large-scale misinterpretation of the following paragraph of MFMA Circular No. 80 (Paragraph 8):

"The National Treasury acknowledges that metropolitan municipalities and secondary cities, in most instances, have the necessary skills and ability to deal with not only procurement but also highly technical aspects of financial management and internal control systems. In this regard, and with the exception of metropolitan municipalities and secondary cities, all other municipalities are highly recommended to make use of the transversal contract and associated panel of service providers for the supply of financial management and internal control systems once finalised. Should a municipality decide not to do so, it is required of them to formally write to the National Treasury (Chief Directorate: Local Government Budget Analysis) prior to going out on a supply chain management process, supplying clear reasons and motivation in support of the decision after which National Treasury will provide a written response and clear recommendations."

It appears that local government practitioners across the affected sphere interpreted this paragraph to mean that the RT25-2016 transversal contract was an accreditation process of each and every system offering available to local government. Extending this notion further, it appears that local government practitioners also interpreted service providers listed in terms of the RT25-2016 tender process to imply that other established service providers already providing these services to municipalities for several years, to be incapable to continue providing these services. This was neither the intention of the RT25-2016 tender process, nor can the outcome of the process serve as any conclusion of this nature. The National Treasury hereby categorically state that the **RT25-2016 tender process was not an accreditation process but a procurement process** with various obstacles and disqualifications in terms of normal supply chain management policy, over-and-above ensuring that these systems are enabled for the implementation of mSCOA.

In addition it should be re-iterated that the purpose of the RT25-2016 tender process was to provide a clear set of systems specifications, reference pricing and contracting means for municipalities, where a systems upgrade was determined to be necessary; where other means

of complying with the requirements of the mSCOA Regulations and business process specifications for municipalities are not viable.

At no stage did this Paragraph 8 (of MFMA Circular No. 80 quoted above) imply or can it be construed to imply that the National Treasury requires any municipality to move away from its existing systems simply because such system(s) and/or vendors are not listed on the panel of RT25-2016 transversal contract service providers. On the contrary, Paragraph 3 of MFMA Circular No. 80 specifically guides that:

"The outcome of this research, which was aligned and informed by the 'piloting' of the mSCOA classification, has resulted in a comprehensive list of business processes that should be supported by system functionality (systems of financial management and internal control). Annexure B (System Specifications) to this Circular includes a detailed list of these business processes and will be further explained in this MFMA Circular. Importantly, municipalities need to evaluate the functionality of their current financial management and internal control systems against these business processes and technical specifications. If the outcome of the assessment is favourable, then municipalities would not necessarily need to replace their current financial management and internal control system. The service provider would however have to provide the municipality with guarantees to this effect."

2 What Constitutes mSCOA Compliance

The RT25-2016 technical specification was designed to address not only the mSCOA requirements but also to list all the components needed to fully automate and accommodate the accountability cycle of municipalities (considering the current local government legal environment). Best Practices and optional requirements were discerned in this tender in order to clearly identify only the essential systems functionality. Optional systems features and functions have been identified as *non-regulated options* / add-ons. RT25-2016 also allowed for 3rd party integration as well as future developments. Through this approach the National Treasury allowed for a municipality to follow an evolutionary systems approach if such is preferred.

For avoidance of doubt, a municipality is not legally compelled or required to employ RT25-2016 when upgrading or replacing financial systems in municipalities. The intent of establishing the panel of vendors is to support interested and/or ill-equipped municipalities in their endeavour to procure these systems. Whether employing the RT25-2016 panel or not, municipalities are required to:

- (i) Have a systems-integrated IDP (integrated development plan) Module. All municipalities must submit by end of November 2016 their data strings to the National Treasury reflecting their IDP aligned to the Project, Function and Regional segments of the *mSCOA* chart version 6. Municipalities must provide proof of their preparations in this regard during October 2016 by means of draft data strings loaded onto the National Treasury LG database. Municipalities will need to utilise system functionality as a first indicator that a system is enabled for the implementation of *mSCOA*;
- (ii) Have a systems-integrated Budget Module. The next critical delivery is the tabling of the budget by 31 March 2017 and will require a municipality's system(s) to have budgeting functionality including but not limited to:
 - a. Organogram Budgeting;
 - b. Billing historical trends and new developments;
 - c. Asset maintenance plans;
 - d. Building rentals;
 - e. Fleet costs;
 - f. Loans, bonds and repayments;
 - g. Grants and subsidies;
 - h. Costing allocations; and
 - i. Long term forecasting and tariff modelling tools.

This is the 2nd measurement of whether any system is enabled for the implementation of *mSCOA*; and

- (iii) Enable a municipality, with effect 1 July 2017, to transact across the seven segments of *mSCOA* with subsystems seamlessly integrating to the core financial system. This 3rd measurement criterion of *mSCOA* compliance will be tested by the National Treasury through its data extraction (across the 6 regulated *mSCOA* segments) from the information submitted by the municipality on/ before the 10th working day of August 2017. The municipality is therefore urged to already submit such data strings to the National Treasury to resolve any errors.

Due to these imminent deadlines, all municipalities are urged to consider the guidance on *mSCOA* compliance (set-out above) and engage with their respective systems vendors to duly conclude on the required processes.

Taking the evolutionary nature of the process into account, municipalities are advised to (where practically possible) consider all alternatives and are reminded that all systems which participated in the *mSCOA* piloting process, did have a successful piloting municipality. This

is a reminder again that the success of *m*SCOA compliance is therefore less dependent on the systems capability (many of which have shown the ability to comply with *m*SCOA requirements) and more dependent on municipalities embracing and ushering in the change with resolve and systematic planning.

3 Application of RT25-2016 – Transversal Awards

Municipalities requesting the National Treasury and Provincial Treasuries' comments in terms of Municipal SCOA Circular No. 6 (Annexure B) on the proposed way forward with regard to its existing package of system(s) will be required to illustrate, by supplying supporting evidence, that the municipality followed due process in terms of the guiding Municipal SCOA Circulars No. 5 and 6.

Considering that municipalities are required to prepare the 2017/18 MTREF aligned to the *m*SCOA Regulations in October/ November 2016, timeframes for making these decisions are limited. These matters do however, have to be considered and entails:

- (i) Tabling considerations and recommendations to the **municipal council**, in relation to *m*SCOA and systems compliance. Costs, benefits and risks should be thoroughly deliberated if necessary;
- (ii) Consider guarantees of compliance from either the existing or future vendor;
- (iii) Consider associated costs and follow due process, where a systems upgrade or replacement is considered the only viable option, when cancelling the existing service level agreement (SLA) including, whether support from the National Treasury and/ or Provincial Treasury is needed in this regard;
- (iv) We confirm that the municipality may procure directly from the panel of service providers on the RT25-2015 transversal tender. In this regard we advise that the municipality engage the Office of the Chief Procurement Officer in the National Treasury (to guide you, also to ensure due process in terms of the Municipal Supply Chain Management Regulations, the municipality's policies and minimum requirements for any proposed Service Level Agreement (SLA). This does not preclude a municipality procuring a service using SCM Regulation 32, as long as the service is aligned to the requirements of the Regulation;
- (v) Should the municipal council approve the procurement of a system from a service provider not on the RT25-2016 – transversal tender, the National Treasury and Provincial Treasury must be consulted as envisaged in Municipal SCOA Circular No. 6 prior to any such procurement process kicking off, including support in terms of the technical specification, the minimum requirements for any proposed service level

agreement (SLA), and pricing comparisons with the pricing available from tender RT25-2016. Thereafter the municipality must follow its supply chain process to procure the system; and

- (vi) Should council approve that the municipality remains with its current system (whether such system is on the RT25-2016 transversal tender of service providers or not), the municipality is advised to ensure comparable or more favourable pricing when compared with reference pricing specified in RT25-2016. The National Treasury and/ or Provincial Treasuries can be requested to assist in negotiating such pricing arrangements.

It should be noted that ensuring compliance of the municipality's ICT systems represents only one of several important steps step in the wider *m*SCOA reform objective of rendering data and business processes of municipalities uniform, transparent, consistent and relevant. These are envisaged to, ultimately, facilitate improved service delivery and community awareness of government's performance.

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NATIONAL TREASURY

MFMA Circular No. 85

Municipal Finance Management Act No. 56 of 2003

Municipal Budget Circular for the 2017/18 MTREF

CONTENTS

1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS.....	2
2. KEY FOCUS AREAS FOR THE 2017/18 BUDGET PROCESS	3
2.1 LOCAL GOVERNMENT CONDITIONAL GRANTS AND ADDITIONAL ALLOCATIONS	3
2.2 MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA)	4
2.3 REPORTING INDICATORS	5
3. DEVELOPMENT OF INTEGRATED DEVELOPMENT PLAN (IDP)	5
4. THE REVENUE BUDGET	6
4.1 MAXIMISING THE REVENUE GENERATION OF THE MUNICIPAL REVENUE BASE.....	6
4.2 ESKOM BULK TARIFF INCREASES.....	7
4.3 WATER AND SANITATION TARIFF INCREASES.....	7
5. FUNDING CHOICES AND MANAGEMENT ISSUES.....	7
5.1 EMPLOYEE RELATED COSTS	8
5.2 REMUNERATION OF COUNCILORS	8
6. CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES.....	8
6.1 PLEDGING OF CONDITIONAL GRANTS.....	8
7. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS.....	8
7.1 ASSISTANCE WITH THE COMPILATION OF BUDGETS	9
8. BUDGET PROCESS AND SUBMISSIONS FOR THE 2016/17 MTREF	10
8.1 BUDGETING FOR THE COST OF FREE BASIC SERVICES.....	10
8.2 SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2017/18 MTREF	10
8.3 BUDGET REFORM RETURNS TO THE LOCAL GOVERNMENT DATABASE FOR PUBLICATION.....	11
8.4 PUBLICATION OF BUDGETS ON MUNICIPAL WEBSITES	11
8.5 MUNICIPAL MONEY AND THE NATIONAL TREASURY DATA PORTAL.....	12
ANNEXURE A – CHANGES TO SCHEDULE A1 – THE ‘EXCEL FORMATS’	13

Introduction

This budget circular guides municipalities on the preparation of the 2017/18 Medium Term Revenue and Expenditure Framework (MTREF) and should be referenced to previous annual budget circulars. Among the objectives of this circular is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this circular is the implementation of municipal Standard Chart of Accounts (mSCOA) and addressing municipal revenue generation challenges.

1. The South African economy and inflation targets

The 2016 Medium Term Budget Policy Statement emphasised that the global recovery from the 2008 financial crisis remains precarious, with growth forecast at 3.1 per cent in 2016 and 3.4 per cent in 2017. In developed economies, the combination of weak economic growth, low or negative interest rates, and elevated asset prices has increased the likelihood of renewed financial volatility. Countries that are highly reliant on foreign savings, such as South Africa, will remain vulnerable to global financial volatility and rapid capital outflows. While global economic weakness plays a large role in South Africa's economic growth performance, domestic constraints stand in the way of investment, output and trade.

Domestic GDP growth for 2016 was forecasted at 0.9 per cent at the time of the 2016 Budget and it has since been revised to 0.5 per cent. It is anticipated that factors such as a more reliable electricity supply, improved labour relations, low inflation, a recovery in business and consumer confidence, stabilising commodity prices and stronger global growth will increase growth to 2.2 per cent by 2019. Furthermore, the country has experienced a decline in mining growth and weakened agricultural outputs as a result of the drought while growth in transport and telecommunications, electricity, gas and water have declined because of weakened demand.

In the 12 months to June 2016, employment fell by 112 000 jobs although employment growth was achieved in most larger urban municipalities. In the context of an unfavourable economic and investment climate, the unemployment rate increased from 25 per cent to 26.6 per cent. According to the June 2016 Quarterly Employment Statistics, all sectors, with the exception of construction, shed jobs in the second quarter of 2016. A turnaround of these bleak unemployment statistics will require higher economic growth and renewed private-sector investment.

These economic challenges will continue to pressurise municipal revenue generation and collection hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The following macro-economic forecasts must be considered when preparing the 2017/18 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2015 - 2019

Fiscal year	2016/16	2016/17	2017/18	2018/19	2019/20
	Actual	Estimate	Forecast		
CPI Inflation	4.6%	6.4%	6.1%	5.9%	5.8%

Source: Medium Term Budget Policy Statement 2016.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2017/18 budget process

2.1 Local government conditional grants and additional allocations

The 2016 *Medium Term Budget Policy Statement* indicates that for the 2017 MTEF period, transfers to local government total R366.3 billion, of which 61.8 per cent is transferred as unconditional allocations while the remainder is conditional grants. National funding to local government has increased to R112.5 billion or 9.1 per cent of the national revenue for 2017/18 and is expected to increase to R132.3 billion by 2019/20.

The purpose of conditional grants is to deliver on national government service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding. The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.

Municipalities are advised to use the indicative numbers presented in the 2016 Division of Revenue Act to compile their 2017/18 MTREF. In terms of the outer year allocations (2019/20 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as proposed in the 2016 Division of Revenue Act for 2017/18. The DoRA is available at <http://mtrinet/legislation/acts/2016/Default.aspx>

It is imperative that municipalities reflect all their grant allocations in accordance with the Division of Revenue Bill to be published in February 2017 after the budget speech by the Minister of Finance, and plan effectively to utilise these allocations appropriately so that requests for roll-overs of conditional grants are avoided.

Changes to local government allocations

- The *local government equitable share* will grow at an average annual rate of above 9 per cent over the MTEF, this is as a result of funds that will be added in 2018/19 and 2019/20 to offset the cost pressures of water and electricity purchases which continue to grow faster than inflation. The local government equitable share formula will also be updated with the 2016 Community Survey data.
- Four local government conditional grants, namely, the *public transport network grant*, the *water services infrastructure grant*, the *municipal infrastructure grant* and the *urban settlements development grant* will be reduced to avail resources for fiscal consolidation and the funding of urgent priorities. In spite of the decreased allocations each of these grants will grow by at least 5 per cent annually over the 2017 MTEF period.
- Funds reprioritised out of:
 - the *expanded public works programme integrated grant* to municipalities to fund the expanded mandate of the Commission for Conciliation, Mediation and Arbitration (as the commission will be providing its services to additional sectors);
 - the indirect *integrated national electrification programme (Eskom) grant*, mainly to fund the management of nuclear waste; and
 - the indirect *regional bulk infrastructure grant* of which small amounts will be utilised to augment funding for water catchment management agencies in the two outer years of the MTEF.

- An additional R50.6 million will be added to the indirect *water services infrastructure grant* to fund the provision of emergency water supplies to drought-affected communities.

Reforms to local government fiscal framework

The National Treasury continues to lead a review of the local government infrastructure conditional grants. The merger of several conditional grants and the trend towards greater grant consolidation over the MTEF are among the outcomes of this review process.

Proposed reforms commencing from 2017 include:

- The introduction of performance incentives for urban infrastructure grants, as well as a new dispensation for large cities other than the metros, that better respond to built-environment challenges and growth opportunities;
- The refinement of grant allocation rules to encourage budgeting for routine maintenance. This will complement changes that are already in place to permit grants to fund the refurbishment of infrastructure; and
- Introducing greater differentiation between urban and rural areas. Secondary cities in particular will see changes to their planning requirements.

A shift of funds from the *integrated national electrification programme (municipal) grant* for projects in metropolitan municipalities to the *urban settlements development grant* in 2017/18 is still being discussed with the relevant departments. This shift is likely to improve the coordination of the delivery of electrical infrastructure with other basic services and make the co-funding of projects easier.

2.2 Municipal Standard Chart of Accounts (mSCOA)¹

The *mSCOA* Regulations apply to all municipalities and municipal entities with effect from 1 July 2017. This means that the compilation of the 2017/18 Medium-Term Budget and Expenditure Framework (MTREF) must be compliant with the *mSCOA* classification framework.

It is imperative that municipalities are familiar with the addendum to MFMA Circular No. 80 which describes what constitutes *mSCOA* compliance by 1 July 2017.

In summary, compliance to *mSCOA* by 1 July 2017 requires that municipalities have the following in place:

- Systems-Integrated Integrated Development Plan (IDP);
- Systems-Integrated budget module; and
- Systems that enable transacting across the seven segments of *mSCOA* with subsystems seamlessly integrating to the core system.

All the tabled 2017/18 MTREF budgets and the IDP submissions will be assessed in March 2017 for *mSCOA* compliance. National Treasury has a dedicated website to support municipalities with their *mSCOA* readiness efforts.

For more information on *mSCOA* and other benefits of the reform, visit: <http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

¹ The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.

2.3 Reporting Indicators

The National Treasury is finalising the process of rationalising the built environment reporting regime for the eight metropolitan municipalities with an aim to reduce the reporting burden, whilst also creating a set of indicators that will enable government to monitor progress on the integrated and functional outcomes. Significant progress has been made with the introduction of integrated outcomes indicators, whilst rigorous consultation is underway to rationalise the inputs, activities and output indicators.

The metropolitan integrated outcome indicators are linked to the Built Environment Performance Plans (BEPPs) and therefore the Integrated City Development Grant (ICDG); whereas the inputs, activities and process indicators are linked directly to mSCOA. Outputs indicators are linked directly to the Service Delivery Budget Implementation Plan (SDBIP). When finalised, these indicators will assist the process of standardising the SDBIP, a significant streamlining of reporting requirements to national government.

For metropolitan municipalities, the Urban Settlement Development Grant (USDG) performance matrix remains a framework of presenting the targets and baselines for the built environment as currently adopted budget in the 2015/16 financial year. However, the finalisation of the rationalisation process will replace the performance matrix. The indicators agreed upon through the rationalisation process to achieve functional outcomes and key outputs will be incorporated into the new standardised SDBIP template process. The integrated outcomes indicators were finalised as part of the BEPPs annual process whilst the work on the functional outcomes and functional output indicators is being finalised for the next budget cycle. These reforms will progressively be extended to non-metropolitan municipalities over the medium term.

3. Development of Integrated Development Plan (IDP)

Municipalities are in the process of developing their next 5 year IDPs which is an opportunity to re-assess the long term development vision in the context of key global and national policies and priorities including the Sustainable Development Goals, the National Development Plan, Integrated Urban Development Framework and the Back-to-Basics Programme. IDPs should reflect catalytic programmes and projects to be implemented by national and provincial government as well as State Owned Entities within their municipal boundaries and illustrate how these are aligned to the municipal development agenda. These include but are not limited to:

- Strategic Infrastructure Projects (SIPs);
- Special Economic Zones (SEZs);
- Agri-parks; and
- Catalytic housing projects.

The Municipal Systems Act, 2000 (Act No. 32 of 2000) provides that municipalities should undertake an integrated development planning process that integrates all sectors' strategies, programmes and projects to promote integrated development in communities. Municipal planning must be more strategic and cross-sectoral (integrated), and the IDP as the key planning tool, must be used to deliver this strategic and cross-sectoral planning vision at a local level.

It is however, acknowledged that some municipalities have already developed their sector plans. In order to ensure that integrated development is realised, municipalities are advised to, as part of the IDP development process, review these plans to ensure that they are in line with key national and provincial government policies and programmes.

Municipalities must also ensure that there is closer alignment of the planning instruments and budgets as well as mechanisms for monitoring progress and performance. Both the *mSCOA* and reporting reforms provide essential tools to strengthen coordination and oversight in this respect.

Metropolitan municipalities have already made progress in aligning their planning instruments with the budget through the BEPPs. The guidelines on the preparation of the BEPPs clearly articulate the relationship between the Municipal Spatial Development Framework (MSDF) and the IDP.

All municipalities are encouraged to refer to the 2017/18 BEPPs guidelines available on National Treasury's website at:

http://mfma.treasury.gov.za/Documents/Forms/AllItems.aspx?RootFolder=%2fDocuments%2f02%2e%20Built%20Environment%20Performance%20Plans%2f2017-18%2f1%2e%20BEPP%20Guidelines%202017_18&FolderCTID=%7b84CA1A01-

4. The revenue budget

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation has however breached the upper limit of the 3 to 6 per cent target band; therefore municipalities are now required to ***justify all increases in excess of the 6.1 per cent*** projected inflation target in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.

4.1 Maximising the revenue generation of the municipal revenue base

Municipalities must make a greater effort to integrate the work of their Town Planning and Valuations functions. This will ensure that every new property development, improvements to existing properties and changes to property usage and other such influences are correctly processed and filtered to the billing system. This will enable timeous and accurate updating of municipal accounts. The completeness, correctness and validity of the General Valuation Roll and supplementary valuations as well as resolving any objections to property values within the prescriptions of the Municipal Property Rates Act, 2004 (Act No.6 of 2004), are fundamental to protecting and growing the municipal revenue base.

In addition, the necessary reconciliations must be in place to ensure that the correct tariffs are applied for property rates and all trading services, that the correct accountholders are billed and that the municipal accounts are reaching the customers who are responsible for payment. These are among the minimum requirements of creating a *"positive and reciprocal relationship between persons liable for making payment to the municipality and the municipality or service provider"* as per section 95 of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

When municipalities fail to achieve these minimum legally prescribed requirements there is a greater risk of burdening customers with higher tariff increases to compensate for operational inefficiencies.

It is therefore necessary for municipalities to ensure that their tariffs are adequate to, at the minimum, cover the costs of bulk services and also to ensure that all properties are correctly billed for property rates and all services rendered.

4.2 Eskom bulk tariff increases

In terms of the Multi-Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of 8 per cent has been approved for the 2017/18 financial year.

Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability. Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2017/18 MTREF budget.

4.3 Water and sanitation tariff increases

The 2015 Municipal Services Strategic Assessment report (MuSSA) issued by the Department of Water and Sanitation shows that the majority of municipal Water Service Authorities (WSAs) are operating their water services at a loss. This performance is as a result of, amongst others, implementation of tariffs that are not cost-reflective and unsubstantiated institutional arrangements between districts (WSAs) and local municipalities. It is problematic that there are no clear responsibilities with respect to bulk purchases, billings and collections, the allocation of revenue collected and maintenance of water infrastructure between the districts and their local municipalities.

Municipalities must improve revenue generation from this service through better financial management, demand management, maintenance and meter reading as it will enable payment of creditors such as water boards. This baseline information is critical to tariff setting and budget compilation. Municipalities in arrears with water boards should ensure that their payment arrangements are effected in their 2017/18 MTREF budget.

The previous MFMA budget Circular No. 78 advised municipalities that had historically set tariffs too low to facilitate cost recovery, to develop a pricing strategy to phase-in the necessary tariff increases in a manner that distributes the impact on consumers over a period of time. The introduction of *mSCOA* provides for a costing segment which, when correctly utilised, will assist municipalities to determine the full cost of rendering trading services such as water and electricity.

In light of the current drought experienced across large parts of the country, water is now a scarce resource that must be conserved. Municipalities must put in place appropriate strategies to curb water losses as a result of leakages. The ageing infrastructure is a contributing factor as many municipalities have historically inadequately provided for repairs and maintenance and renewal of water infrastructure. There is now a national initiative underway to encourage consumers to conserve water; and there are several municipalities that have imposed water restrictions. These municipalities have introduced penalty tariffs for non-compliant consumers and they rely on consumer reports and/or complaints to address any non-compliance. Monitoring water consumption is critical and this means reliance on meter reading information to assess consumption patterns or trends and inspections. Municipalities must ensure that any drought penalty tariffs are provided for in their tariff policy to be tabled in March 2017; another option is to incorporate the penalty tariffs in the Inclining Block Tariff (IBT) structure.

5. Funding choices and management issues

The Circular clearly outlines that, as a result of the economic landscape and weak tariff setting, municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore municipalities must consider the following when compiling their 2017/18 MTREF budgets:

- improving the effectiveness of revenue management processes and procedures;
- paying special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities;
- the affordability of providing free basic services to all households; and
- curbing consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

5.1 Employee related costs

The South African Local Government Bargaining Council entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The previous years were:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

5.2 Remuneration of councilors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.

6. Conditional Grant Transfers to Municipalities

6.1 Pledging of conditional grants

In terms of the MFMA Circular No.79 and the pledging process outlined in MFMA Circular No. 51, municipalities are required to send the National Treasury a comprehensive pledge request for the implementation of projects to be accelerated. Upon approval of the pledge request a progress report must be submitted to National Treasury and when concluded, a close out report indicating the actual expenditure of the amount received from associated borrowings and the difference between what was planned and what was implemented.

Furthermore, the municipality must submit to National Treasury, a signed council resolution approving the pledge application together with a letter from the relevant national department supporting such application. National Treasury will NOT grant any extensions of the pledge period as this defeats the purpose of accelerating projects that are ready for implementation.

7. The Municipal Budget and Reporting Regulations

National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats) which is aligned to version 6.1 of the mSCOA classification framework which must be used when compiling the 2017/18 MTREF budget. This version incorporates major changes (see Annexure A). Therefore **ALL** municipalities **MUST** use this version for the preparation of their 2017/18 MTREF budget.

Download Version 6.1 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole Matjati Mashoeshoe	012-315 5044 012-315 8567	Templeton.Phogole@treasury.gov.za Matjati.Mashoeshoe@treasury.gov.za
Free State	Vincent Malepa Cethkile Moshane Katlego Mabiletsa	012-315 5539 012-315 5079 012-395 6742	Vincent.Malepa@treasury.gov.za Cethkile.moshane@treasury.gov.za Katlego.Mabiletsa@treasury.gov.za
Gauteng	Kgomotso Baloyi Nomxolisi Mawulana	012-315 5866 012-315 5460	Kgomotso.Baloyi@treasury.gov.za Nomxolisi.Mawulana@treasury.gov.za
KwaZulu-Natal	Bernard Mokgabodi Johan Botha	012-315 5938 012-315 5171	Bernard.Mokgabodi@treasury.gov.za Johan.Botha@treasury.gov.za
Limpopo	Una Rautenbach Sifiso Mabaso	012-315 5700 012-315 5952	Una.Rautenbach@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Jordan Maja Anthony Moseki	012-315 5663 012-315 5174	Jordan.Maja@treasury.gov.za Anthony.Moseki@treasury.gov.za
Northern Cape	Willem Voigt Mandla Gillmani	012-315 5830 012-315 5807	Willem.Voigt@treasury.gov.za Mandla.Gillmani@treasury.gov.za
North West	Sadesh Ramjathan Makgabo Maboŋja	012-315 5101 012-315 5156	Sadesh.Ramjathan@treasury.gov.za Makgabo.Maboŋja@treasury.gov.za
Western Cape	Templeton Phogole Kevin Bell	012-315 5044 012-315 5725	Templeton.Phogole@treasury.gov.za Kevin.Bell@treasury.gov.za
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	lgdataqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in item 31 of Schedule A of the Municipal Budget and Reporting Regulations.

The National Treasury would like to emphasise that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***they will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations. In addition, where municipalities have adopted an unfunded budget, they will be required to correct the budget to ensure it adopt and implement a funded budget.***

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;

- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The A Schedule that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. D schedules must be submitted for each entity.

8. Budget process and submissions for the 2016/17 MTREF

8.1 Budgeting for the cost of Free Basic Services

The basic services component of the equitable share includes funding for the provision of free basic water (six kilolitres per poor household per month), energy (50 kilowatt-hours per month), sanitation and refuse (based on service levels defined by national policy). Municipalities must ensure that the cost of providing free basic services to indigents is captured on table SA9. This will result in the cost being deducted from revenue on table SA1.

Municipalities must further ensure that any subsidies in excess of the limits as provided in the equitable share allocation are not included on table SA9 as cost of providing of free basic services, however should be deducted as revenue foregone on table SA1. The cost of free basic services funded from the equitable share is disclosed on table SA1 while the revenue cost of subsidised services is on table A10. This will allow for comparison of the cost incurred by municipalities in providing free basic services to poor households and the amount received from the national government for this purpose.

The change in the treatment of cost of free basic services indicates that municipalities must not disclose the support to indigents on table SA21 "Transfers and grants". This change will also improve the quality of information on table A10.

8.2 Submitting budget documentation and schedules for 2017/18 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(l) of the MFMA requires that, *immediately* after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 31 March 2017, the final date of submission of the electronic budget documents and corresponding electronic returns is **Monday, 03 April 2017**. The deadline for submission of hard copies including council resolution is **Friday, 7 April 2017**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury *within ten working days* after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2017, the final date for such a submission is **Friday, 14 July 2017**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 6.1) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;

- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations; and
- schedules D, E and F specific for the entities.

Municipalities are required to send electronic versions of documents and the A1 schedule to lgdocuments@treasury.gov.za.

If the budget documents are too large to be sent via email (exceeds 4MB) please submit to lgbigfiles@gmail.com. Any problems experienced in this regard can be addressed with Elsabe Rossouw at Elsabe.Rossouw@treasury.gov.za.

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

In addition to the above mentioned budget documentation, metropolitan municipalities must submit the Built Environment Performance Plan (BEPP) tabled in council on 30 May 2017 to Yasmin.coovadia@treasury.gov.za. If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to yasmin.coovadia@gmail.com or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with Yasmin.Coovadia@treasury.gov.za. Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

8.3 Budget reform returns to the Local Government Database for publication

Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to lgdatabase@treasury.gov.za. Municipalities must submit returns for both the draft budget and the final adopted budget as this will assist the National and provincial treasuries with the annual benchmark process.

In addition, municipalities must submit the mSCOA compliant data strings to the LG Upload Portal. National Treasury will continue with parallel reporting from municipalities until it is satisfied that all municipalities are mSCOA compliant and reporting adequately to support all publications.

The current electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

8.4 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

8.5 Municipal Money and the National Treasury data portal

All municipalities are also reminded that information submitted to the National Treasury, including budget information, is made available to the public via www.municipalmoney.gov.za and an underlying data portal. This initiative was announced by the Minister of Finance in October 2016, and enables direct citizen engagement with the finances of their municipalities on a comparative basis. The information is currently being used regularly and municipalities are reminded that any inaccuracies in their submissions will also be transferred to this website. Municipalities are encouraged to widely advertise this service for citizens in municipal facilities and make available your municipal profiles, when requested by citizens at these facilities.

Contact



national treasury

Department
National Treasury
REPUBLIC OF SOUTH AFRICA

Post	Private Bag X115, Pretoria 0001
Phone	012 315 5009
Fax	012 395 6553
Website	http://www.treasury.gov.za/default.aspx

JH Hattingh
Chief Director: Local Government Budget Analysis
09 December 2016

Annexure A – Changes to Schedule A1 – the ‘Excel formats’

As noted above, National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	A2 and A2A	Changed reference to "Standard Classification" to functional classification and included detailed functional classification.	Align to version 6.1 of mSCOA classification framework
2	A4, SA2 and SA25	Deleted "Property rates – penalties and collection charges". Changed description for fines to "Fines, penalties and forfeits".	Align to version 6.1 of mSCOA classification framework
4	A5	Changed reference to "Standard Classification" to functional classification	Align to version 6.1 of mSCOA classification framework
5	A7 and SA30	Changed description for "property rates, penalties and collection charges" to property rates	Align to version 6.1 of mSCOA classification framework
6	A9	Changed breakdown of asset categories to align to CDIMS. Added a section on Upgrading of Existing Infrastructure.	Align to version 6.1 of mSCOA classification framework
8	SA3	Changed descriptions for "Call deposits < 90 days" and "Other current investments > 90 days" to exclude "< > 90 days".	Align to version 6.1 of mSCOA classification framework
9	SA17	Changed description of "Long-Term Loans (annuity/reducing balance)" to Annuity and Bullet Loans.	Align to version 6.1 of mSCOA classification framework
11	SA34(a-d)	Changed breakdown of asset categories to align to CDIMS.	Align to version 6.1 of mSCOA classification framework
12	SA34e	Added a table on Upgrading of Existing Infrastructure.	Align to version 6.1 of mSCOA classification framework
13	SA38	Added a table on operating expenditure projects	Align to version 6.1 of mSCOA classification framework



NATIONAL TREASURY

MFMA Circular No. 86

Municipal Finance Management Act No. 56 of 2003

Municipal Budget Circular for the 2017/18 MTREF

CONTENTS

1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS.....	2
2. KEY FOCUS AREAS FOR THE 2017/18 BUDGET PROCESS	3
2.1 LOCAL GOVERNMENT CONDITIONAL GRANTS AND ADDITIONAL ALLOCATIONS	3
2.2 MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA)	4
2.3 MSCOA TRAINING FOR MUNICIPAL OFFICIALS.....	5
3. THE REVENUE BUDGET	5
3.1 ESKOM BULK TARIFF INCREASES.....	5
4. FUNDING CHOICES AND MANAGEMENT ISSUES.....	6
4.1 EMPLOYEE RELATED COSTS	6
4.2 REMUNERATION OF COUNCILORS	6
5. CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES.....	7
5.1 UNSPENT CONDITIONAL GRANTS FOR 2016/17	7
6. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS.....	7
6.1 ASSISTANCE WITH THE COMPILATION OF BUDGETS	7
7. BUDGET PROCESS AND SUBMISSIONS FOR THE 2017/18 MTREF	8
7.1 BUDGETING FOR THE AUDITED YEARS ON THE A SCHEDULE (MSCOA).....	8
7.2 SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2017/18 MTREF	9
7.3 BUDGET REFORM RETURNS TO THE LOCAL GOVERNMENT DATABASE FOR PUBLICATION.....	10
7.4 PUBLICATION OF BUDGETS ON MUNICIPAL WEBSITES	10
7.5 THE USE OF PRIVATE EMAILS FOR BUSINESS PURPOSES.....	10
ANNEXURE A – CHANGES TO SCHEDULE A1 – THE ‘EXCEL FORMATS’	12

Introduction

This budget circular is a follow-up to the one issued in December 2016. It guides municipalities with their preparation of the 2017/18 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within that context. Among the objectives of this circular, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this circular is the implementation of municipal Standard Chart of Accounts (mSCOA) and the grant allocations as per the 2017 Budget Review.

1. The South African economy and inflation targets

The 2017 Budget Review emphasised that, while the global economic growth outlook has improved, it is clouded by the prevailing policy uncertainty due to the increasing pressure within the world trading system. These factors may jeopardise South Africa's prudent macroeconomic and fiscal policies, which include inflation targeting and a flexible exchange rate, the local economy's ability to adjust to global volatility and the stable investment platform.

GDP growth rate is forecasted to increase by 1.3 per cent in 2017 and to improve moderately over the medium term with to 2 per cent and 2.2 per cent in 2018 and 2019 respectively. This forecast is supported by marginally higher global growth, stabilising commodity prices, greater reliability of the electricity network, more favourable weather conditions, recovering business and consumer confidence, and improved labour relations. The positive trajectory marks a shift from several years of declining growth however; this is still not high enough to markedly reduce unemployment, poverty and inequality.

The unemployment rate was 26.5 per cent in the fourth quarter of 2016. In aggregate mining and manufacturing employment declined by 80 306 jobs in 2016 while the services sector created 119 189 jobs during the same period. The economy continues to create opportunities for semi-skilled and skilled workers, and to shed unskilled jobs, reinforcing poverty and inequality and widening the wage gap.

These economic challenges will continue to pressurise municipal revenue generation and collection levels hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The following macro-economic forecasts must be considered when preparing the 2017/18 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2015 - 2019

Fiscal year	2016/17	2017/18	2018/19	2019/20
	Estimate	Forecast		
Consumer Price Inflation (CPI)	6.4%	6.4%	5.7%	5.6%
Real GDP growth	0.5%	1.3%	2.0%	2.2%

Source: 2017 Budget Review.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2017/18 budget process

2.1 Local government conditional grants and additional allocations

The *2017 Budget Review* provides for R366.3 billion to be transferred directly to local government and a further R23 billion allocated to indirect grants for the 2017 MTREF. Direct transfers to local government over the medium term account for 9.1 per cent of national government's non-interest expenditure. When adding indirect transfers, the total spending for local government increases to 9.7 per cent of national non-interest expenditure.

Direct transfers to local government grow at an average rate of 8 per cent per annum over the 2017 MTEF. This strong growth in transfers to local government recognises the importance of local government functions and associated rising costs of municipal service delivery. Similarly, minor reductions are made to the larger conditional grants so that funds are prioritised in favour of other government priorities. Grant administrators and municipalities are encouraged to maximise the value derived from spending so that service delivery is not compromised.

Conditional grant funding targets delivery of national government's service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding. The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.

Municipalities are reminded that all allocations included in their budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be accessed from the National Treasury website by clicking on the link below:
<http://ntintranet/documents/national%20budget/2017/>

Changes to local government allocations

- The *local government equitable share* will grow by R3.3 billion over the MTEF period to assist municipalities with the rising costs of providing free basic services. An additional R1 billion will be added in 2018/19 and R2.3 billion in 2019/20 which further grows the 2016 Division of Revenue provision of R1.5 billion in 2017/18 and R3 billion in 2018/19. The formula, which is informed by the 2011 Census data, will be updated over the MTEF with data from the 2016 Community Survey. This data will be phased in over the MTEF period to ensure a smooth transition of the impact on the allocations to municipalities.
- Minor reductions are made to a mix of urban and rural grants, including, the *public transport network grant*, the *water services infrastructure grant*, the *municipal infrastructure grant* and the *urban settlements development grant* so that resources are available to fund other government priorities. In spite of the decreased allocations each of these grants will grow by at least 5 per cent annually over the 2017 MTEF period.
- Funds reprioritised from:
 - the *expanded public works programme integrated grant* to municipalities to fund the expanded mandate of the Commission for Conciliation, Mediation and Arbitration (as the commission will be providing its services to additional sectors);
 - the indirect *integrated national electrification programme (Eskom) grant*, mainly to fund the management of nuclear waste; and

- the indirect *regional bulk infrastructure grant* of which small amounts will be utilised to augment funding for water catchment management agencies.
- There is intent to introduce a new funding model for district municipalities upon completion of the Department of Cooperative Governance's review of their functional role. In 2017/18, adjustments are made to the *RSC/ JSB levies replacement grant* to redistribute funds to the 13 district municipalities currently receiving less than R40 million per year from this grant. The growth rates of the 10 district municipalities with the largest allocations are reduced to fund the increases to the other districts. They will receive two-thirds of their original growth rate in 2017/18 and one-third of their original growth rate in 2018/19.

In the outer year of the MTEF period, the grant increases by 8.8 per cent a year for district municipalities that are authorised to undertake water and sanitation services and 2.9 per cent for district municipalities that are not such authorities. The different rates recognise the various service delivery responsibilities of these district municipalities and the fact that the allocations to unauthorised municipalities have an average growth rate below inflation.

The Department of Cooperative Governance, which administers the *municipal infrastructure grant*, continues to implement measures to strengthen the management and implementation of the grant. Changes to be introduced in 2017/18 include the circulation of:

- a guideline on how to plan, assess and implement refurbishment projects funded by the grant. The rules of the grant were changed in 2015/16 to allow this funding to be utilised for refurbishment however there have not been many projects of this nature since then. The new guideline will clarify the requirements for accessing this refurbishment funding.
- a revised guideline on the use of project management unit funds. Municipalities are allowed to use up to 5 per cent of their allocations from this grant for a project management unit. Grant conditions that require municipalities to submit business plans for their project management units will also allow the Department of Cooperative Governance to ensure that municipalities adhere to the guideline's best practices.

2.2 Municipal Standard Chart of Accounts (*mSCOA*)¹

The *mSCOA* Regulations apply to all municipalities and municipal entities with effect from 1 July 2017.

Technically, for a municipality to be regarded as *mSCOA* compliant on 1 July 2017 it must be able to transact across all the *mSCOA* segments and its core system and all sub-systems (including that of its municipal entities) must seamlessly integrate. Among the lessons learnt from the pilot municipalities, stems the recommendation that a municipality's point of departure for achieving system integration is that it prioritises the maximum integration potential of its core system so that it integrates with the Debtors main sub-system (including cash management and receipting), Payroll and the Assets Management sub-system modules. Furthermore, all municipalities must accommodate seamless integration of the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and Budget facilities into the core financial system as these documents create a point of departure for the transactional environment come 1 July 2017.

¹ The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.

This means that the compilation of the 2017/18 Medium-Term Budget and Expenditure Framework (MTREF) must be compliant with the *m*SCOA classification framework.

In summary, *m*SCOA compliance in respect of the tabled 2017/18 MTREF and IDP submission means that the data string uploaded to the LG Database portal must meet the following requirements:

- No mapping;
- Correct use of all segments;
- Seamless integration of core system with sub-systems (municipalities must ensure the integration of the Debtors, Payroll and Asset sub-systems); and
- Integrated budgeting facility directly linked to the IDP and SDBIP facilities on the system.

It is imperative that municipalities are familiar with the addendum to MFMA Circular No. 80 which describes what constitutes *m*SCOA compliance by 1 July 2017. National Treasury has a dedicated website to support municipalities with their *m*SCOA readiness efforts.

For more information on *m*SCOA and other benefits of the reform, visit: <http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

2.3 *m*SCOA training for municipal officials

Municipalities are advised not to approach the market to procure services for *m*SCOA training as National Treasury has partnered with the Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO, previously IMFO) to undertake *m*SCOA training.

3. The revenue budget

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation has however breached the upper limit of the 3 to 6 per cent target band; therefore municipalities are now required to ***justify all increases in excess of the 6.4 per cent*** projected inflation target in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.

Where revenue collection is not well planned or managed, or where tariffs are not properly set, serious financial problems can arise. Eskom's recent move to cut off power supply to municipalities that have not paid electricity bills is an indication of what can happen when municipalities fail to manage this risk.

3.1 Eskom bulk tariff increases

On the 23rd February 2017, the National Energy Regulator of South Africa (NERSA), issued a media statement saying that Eskom's allowed revenue for 2017/18 would result in a 2.2 per cent increase in the approved bulk tariffs for Eskom that year. NERSA's consultation paper on tariff benchmarking indicates that this will result in a 0.31 per cent increase in bulk tariffs to municipalities (the difference is due to the different financial years of Eskom and municipalities).

This is significantly lower than the 8 per cent tariff increase provided for in the current Multi-Year Price Determination as a result of higher increases approved in preceding years (12.7

per cent for 2015/16 and 9.4 per cent for 2016/17). The statement also says that, *"Nothing prevents Eskom from considering any possible cash flow risks and the implications thereof on its financial sustainability and make an application to NERSA for relief in this regard should it consider it necessary."* The complete media statement can be accessed at www.nersa.org.za.

Section 42 of the MFMA requires that bulk price increases charged to municipalities by an organ of state must be tabled by 15 March if they are to be effected as from 1 July of the same year, unless the Minister of Finance grants an extension. The Minister of Finance, at the request of the Minister of Public Enterprises, has granted an extension until 5 April 2017 for the tabling of Eskom's 2017/18 bulk prices for municipalities. Municipalities must ensure that their budgets are informed by Eskom's bulk tariff to be tabled on that date. In the meantime municipalities are advised to use the NERSA's guided 0.31 per cent bulk tariff increase when compiling their budgets. This means that any changes to the final bulk tariff increase for 2017/18 to be tabled by Eskom on the 5 April 2017 will have to be factored in at that time.

Municipalities must note that the free basic services subsidy provided for in the local government equitable share were informed by the 8 per cent bulk tariff increase previously approved for the current Multi-Year Price Determination period. The equitable share allocations were tabled on 22 February 2017 in the Division of Revenue Bill, 2017. If a lower electricity bulk tariff is tabled for 2017/18 this will be offset in the calculation of the free basic services subsidy for equitable share allocations for 2018/19. This means that municipalities will have to budget to retain any surplus funds from the higher free basic services subsidy paid in 2017/18 in order to offset the cost of providing free basic electricity in 2018/19.

4. Funding choices and management issues

Municipalities should carefully consider the costs associated with service delivery while keeping in mind affordability and inflation when setting revenue raising measures. Once again, approving tariffs that are less than the associated cost of providing the services will negatively impact the financial sustainability of municipalities.

4.1 Employee related costs

The South African Local Government Bargaining Council entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The previous years were:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

4.2 Remuneration of councilors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.

5. Conditional Grant Transfers to Municipalities

5.1 Unspent Conditional Grants for 2016/17

In addition to the requirements outlined in the previous MFMA Circulars regarding unspent conditional grants, municipalities must know that the National Treasury uses the pre-audited Annual Financial Statements (AFS) to determine the unspent conditional grants. The decision is made based on the pre-audited AFS. Therefore, there will not be a review of the unspent conditional grants once the audited AFS are available. It is therefore imperative that municipalities ensure that there is completeness in reported figures on the pre-audited AFS.

Following the determination of unspent conditional grants to be surrendered to the National Revenue Fund, where municipalities fail to repay the unspent allocations and will not be able to withstand the impact of the offsetting of unspent allocations from their equitable share in one instalment, municipalities have an opportunity in terms of section 22 (5)(b) (ii) and (iii) to propose an alternative means acceptable to National Treasury by which the unspent allocations will be paid into the National Revenue Fund or to propose an alternative payment schedule (repayment arrangement).

Municipalities who intend to exercise the above option are encouraged to inform the National Treasury within 14 days upon receipt of the letter informing them of the unspent conditional grants to be repaid into the National Revenue Fund. Requests for repayment arrangements following the lapse of the 14 days will not be considered. The repayment arrangement is limited to a maximum of three installments, whereby municipalities can repay unspent allocations into the National Revenue Fund.

6. The Municipal Budget and Reporting Regulations

National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats) which is aligned to version 6.1 of the mSCOA classification framework which must be used when compiling the 2017/18 MTREF budget. This version incorporates major changes (see Annexure A). Therefore **ALL** municipalities **MUST** use this version for the preparation of their 2017/18 MTREF budget.

Download Version 6.1 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole	012-315 5044	Templeton.Phogole@treasury.gov.za
	Matlatji Mashoeshoe	012-315 6567	Matlatji.Mashoeshoe@treasury.gov.za
Free State	Vincent Malepa	012-315 5539	Vincent.Malepa@treasury.gov.za
	Cethukile Moshane	012-315 5079	Cethukile.moshane@treasury.gov.za
	Katlego Mabiletsa	012-395 6742	Katlego.Mabiletsa@treasury.gov.za
Gauteng	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
	Nomxolisi Mawulana	012-315 5460	Nomxolisi.Mawulana@treasury.gov.za

KwaZulu-Natal	Bernard Mokgabodi	012-315 5936	Bernard.Mokgabodi@treasury.gov.za
	Johan Botha	012-315 5171	Johan.Botha@treasury.gov.za
Limpopo	Una Rautenbach	012-315 5700	Una.Rautenbach@treasury.gov.za
	Sifiso Mabaso	012-315 5952	Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Jordan Maja	012-315 5663	Jordan.Maja@treasury.gov.za
	Anthony Moseki	012-315 5174	Anthony.Moseki@treasury.gov.za
Northern Cape	Willem Volgt	012-315 5830	Willem.Volgt@treasury.gov.za
	Mandla Gilimanl	012-315 5807	Mandla.Gilimanl@treasury.gov.za
North West	Sadash Ramjathan	012-315 5101	Sadash.Ramjathan@treasury.gov.za
	Makgabo Mabotja	012-315 5156	Makgabo.Mabotja@treasury.gov.za
Western Cape	Templeton Phogole	012-315 5044	Templeton.Phogole@treasury.gov.za
	Vuyo Mbunge	012-315 5044	Vuyo.Mbunge@treasury.gov.za
	Kevin Bell	012-315 5725	Kevin.Bell@treasury.gov.za
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	lgdataqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in item 31 of Schedule A of the Municipal Budget and Reporting Regulations. In addition to the above compliance check, the mSCOA data strings will be assessed to determine whether the municipalities are compliant.

The National Treasury herewith emphasises that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***they will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations. In addition, where municipalities have tabled an unfunded budget, they will be required to correct the budget to ensure that a funded budget is adopted and implemented.***

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The A Schedule that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. D schedules must be submitted for each entity.

7. Budget process and submissions for the 2017/18 MTREF

7.1 Budgeting for the audited years on the A schedule (mSCOA)

According to international best practices, it is appropriate to reclassify historical information in line with the changes that occur in the Standard Chart of Accounts. However considering our

own circumstances and the technical capability of smaller municipalities, it is proposed that municipalities disclose audited and the current years' (2016/17) information using version 2.8 of the A schedule. In relation to the 2017/18 MTREF municipalities must use version 6.1 of the A schedule. By implication two separate schedules must be submitted.

The amalgamated municipalities must not complete the audited years because they are new institutions that existed after the Local Government elections in August 2016, therefore they do not have the audited figures. As a result of that, there will not be verification of audited years for the pre-amalgamation municipalities. They are required to submit the current year (2016/17) and the 2017/18 MTREF budgets.

7.2 Submitting budget documentation and schedules for 2017/18 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that, *immediately* after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 31 March 2017, the final date of submission of the electronic budget documents and corresponding electronic returns is **Monday, 03 April 2017**. This includes the submission of the mSCOA data string. The deadline for submission of hard copies including council resolution is **Friday, 7 April 2017**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury *within ten working days* after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2017, the final date for such a submission is **Friday, 14 July 2017**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 6.1) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft service delivery standards;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations;
- schedules D, E and F specific for the entities; and
- the budget locking certificate.

Municipalities are required to send electronic versions of documents and the A1 schedule to lgdocuments@treasury.gov.za.

If the budget documents are too large to be sent via email (exceeds 4MB) please submit to lgbigfiles@gmail.com. Any problems experienced in this regard can be addressed with Elsabe Rossouw at Elsabe.Rossouw@treasury.gov.za.

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

In addition to the above mentioned budget documentation, metropolitan municipalities must submit the Built Environment Performance Plan (BEPP) tabled in council on 31 March 2017 to Yasmin.coovadia@treasury.gov.za. If the BEPP documents are too large to be sent via email (exceeds 4MB), please submit to yasmin.coovadia@gmail.com or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with Yasmin.Coovadia@treasury.gov.za. Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

7.3 Budget reform returns to the Local Government Database for publication

Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to lgdatabase@treasury.gov.za. Municipalities must submit returns for both the tabled budget and the final adopted budget as this will assist the National and provincial treasuries with the annual benchmark process.

In addition, municipalities must submit the *m*SCOA compliant data strings to the LG Upload Portal. National Treasury will continue with parallel reporting from municipalities until it is satisfied that all municipalities are *m*SCOA compliant and reporting adequately to support all publications.

The current electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

7.4 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

7.5 The use of private emails for business purposes

There are municipalities that use private email addresses for business purposes (e.g. Gmail). For the purpose of the implementation of *m*SCOA the Local Government Database requires municipalities to update their contact details and provide official email addresses instead of private. Therefore municipalities must follow the process of ensuring that their Information and Communication Technology infrastructure can accommodate official email addresses. Further requirements will be issued in this regard.

Contact



national treasury

Department
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001
Phone 012 315 5009
Fax 012 395 6553
Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh
Chief Director: Local Government Budget Analysis
08 March 2017

Annexure A – Changes to Schedule A1 – the ‘Excel formats’

As noted above, National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	A2 and A2A	Changed reference to "Standard Classification" to functional classification and included detailed functional classification.	Align to version 6.1 of mSCOA classification framework
2	A4, SA2 and SA25	Deleted "Property rates – penalties and collection charges". Changed description for fines to "Fines, penalties and forfeits".	Align to version 6.1 of mSCOA classification framework
4	A5	Changed reference to "Standard Classification" to functional classification	Align to version 6.1 of mSCOA classification framework
5	A7 and SA30	Changed description for "property rates, penalties and collection charges" to property rates	Align to version 6.1 of mSCOA classification framework
6	A9	Changed breakdown of asset categories to align to CDIMS. Added a section on Upgrading of Existing Infrastructure.	Align to version 6.1 of mSCOA classification framework
8	SA3	Changed descriptions for "Call deposits < 90 days" and "Other current investments > 90 days" to exclude "< > 90 days".	Align to version 6.1 of mSCOA classification framework
9	SA17	Changed description of "Long-Term Loans (annuity/reducing balance)" to Annuity and Bullet Loans.	Align to version 6.1 of mSCOA classification framework
11	SA34(a-d)	Changed breakdown of asset categories to align to CDIMS.	Align to version 6.1 of mSCOA classification framework
12	SA34e	Added a table on Upgrading of Existing Infrastructure.	Align to version 6.1 of mSCOA classification framework
13	SA38	Added a table on operating expenditure projects	Align to version 6.1 of mSCOA classification framework

DISTRICT COUNCIL

29 MAY 2017

DC 176/05/17

**REPORT ON THE LEFATSHE OUTCOME AND POSSIBLE
APPOINTMENT OF A SERVICE PROVIDER TO INVESTIGATE ANY
IRREGULARITIES / *VERSLAG RAKENDE DIE LEFATSHE UITKOMS
EN MOONTLIKE AANSTELLING VAN 'N DIENSVERSKAFFER OM
ENIGE ONGERUIMDEDE TE ONDERSOEK* / INGXELO NGEZIPHUMO
ZABAKWA LEFATSHE KUNYE NOMNIKEI NKONZO WEZOPHANDO
NOSENGACHONGWA UKUBA APHANANDE INCITHE EGXWENXA
(583318)**

(7/2/2/2)

18 May 2017

**REPORT FROM THE EXECUTIVE MANAGER: CORPORATE AND STRATEGIC
SERVICES (B HOLTZHAUSEN) / MANAGER LEGAL SERVICES (N DAVIDS)**

PURPOSE OF THE REPORT

To provide Council with a report on the outcome of the Lefatshe matter and that a service provider be appointed to investigate any irregularities regarding the payment.

BACKGROUND

Council, on 24 August 2010, resolved to invest in the procurement of an integrated municipal ICT system. Lefatshe was initially appointed by Mogale City Municipality through a competitive bidding process to implement an integrated municipal information technology solution. Eden subsequently appointed Lefatshe Technologies in terms of Regulation 32 of the Supply Chain Regulations to implement an integrated information system. Mogale City used a regulation 32 process from Westonaria Municipality to appoint Lefatshe, which was also found to be flawed.

The then acting Municipal Manager on 5 October 2010, addressed a letter to Mr Mashitsho to make use of Mogale City's bid process of their ICT systems. On 15 October 2010, Mogale City wrote a letter to Eden, granting consent to Eden to procure goods and services obtained under their contract. On 16 November 2010, the Bid Adjudication Committee assessed the bid adjudication process of Mogale City at its special meeting. The minutes reflected that the resolution (below) be recommended to the acting Municipal Manager for approval.

The resolution reads as follows:

1. The Bid Adjudication Committee takes note of the fact that paragraph 32 of Council's SCM policy has been adhered to;
2. Eden DM will procure the services for the implementation of an integrated municipal information technology solution over a period of three (3) years from Lefatshe Technologies;
3. A delegation from Eden DM which includes Messrs Delo, Vollenhoven, Nieuwoudt, Africa, Campher, Ms De Beer and an official from SCM be allowed to visit a site where the systems are implemented;
4. The scope of work should include implementation of integrated applications that consist of financial management system; human resources system; contact management system; meeting and minute management; document management system; and content repository system.

On 17 November 2010, Mr Hoogbaard informed Lefatshe that they were appointed to implement an integrated municipal information and technology solutions, subject to the following conditions:

- The system be implemented over a period of three (3) years;
- A formal service level agreement between Lefatshe and Eden be signed;
- The system be implemented from 1 July 2011;
- The development of the system and implementation of Change Management System commence from 1 January 2011; and
- Lefatshe facilitates a visit for delegation from Eden DM to visit a site where the system was currently operational. What is important to note about this particular condition was that, during cross-examination at the Arbitration Hearing, Lefatshe admitted that no-where in South Africa do they have a fully operational system that functions.

What is also important to note is that the system was not implemented by 1 July 2011, as per the abovementioned condition, nor did the site visit take place.

Two payments (25 February 2011 – R855 000,00 and 22 March 2011 – R1 661 197,53) were made to Lefatshe in respect of hardware, ICT systems and software licenses. These payments amounted to R2 516 197,53. The minutes of the BAC dated 16 November 2010, resolved that prior to performing any work and/or generating any purchase orders, the process of registration of Lefatshe on Eden's supplier database must be completed. This resolution was also included as a term and/or condition of appointment in the letter addressed to Lefatshe.

Contrary to this resolution, Lefatshe was only registered on Eden's supplier database on 29 April 2011.

During August/September 2011, the ICT section discovered some deficiencies in the bid documentation submitted by Mogale City to Eden District Municipality which, inter alia, included the following:

1. The then CEO of Lefatshe was arrested for fraud and corruption during the roll-out of the Lefatshe project to several municipalities in the country, which evidently was identified by Turn Around Strategy of COGTA.
2. The Integrated System proposed by Lefatshe was in fact owned by Rod Dunbar from Promun systems.
3. The sites mentioned by Lefatshe where the intended system was fully operational, did not exist. These sites were Bitou, Knysna and Oudtshoorn Municipalities.

Council subsequently resolved that this matter be referred for Arbitration where the following issues were in dispute:

1. The validity and enforceability of the master Services Agreement because it does not comply with Regulation 32;
2. The validity and enforceability of the Master Services Agreement because a visit to a site where the system is currently operational has not been complied with;
3. The validity and enforceability of the Master Services Agreement because the assumptions and information relating to Mogale City on which the Defendant's bid adjudication committee based its recommendations to conclude an agreement with the Claimant regarding the financial management system to be supplied by the Claimant were false, in the alternative inapplicable, in the further alternative misleading regarding the products and services in operation at Mogale City.
4. The financial management system which is the subject matter of the Master Services Agreement was not in operation at Mogale City while the procurement process was based on the averment, alternatively assumption further alternatively false information supplied by the Claimant that the financial management system at Mogale City was the system which the Claimant would supply to the Defendant.
5. The validity and enforceability of the Master Services Agreement because it was lured into signing the Master Services Agreement based on:

- 5.1 the information regarding the experience and competence of the Claimant's personnel while such information was false or in the alternative misleading;
 - 5.2 the information regarding the Claimant's track record in the field of ITC Business Management Solutions pertaining to the systems used by the municipalities mentioned by the Claimant whilst the municipalities did not have the system which the Claimant was to supply to the Defendant; and
 - 5.3 false information.
- 6. The validity of the Master Services Agreement because the provisions of paragraph 2(1)(b) of the Defendant's Supply Chain Management policy were not complied with in that the Master Services Agreement was not transparent, competitive and/or cost effective and in the alternative that other provisions of the Defendant's Supply Chain Management policy were not complied with.
 - 7. If it is found that the Master Services Agreement is valid and enforceable, then a dispute has arisen amongst the parties as to whether the Defendant has lawfully suspended the Claimant's services in terms of the Master Services Agreement and accordingly as to whether the Claimant has lawfully cancelled the Master Services Agreement, and as to whether the Claimant is entitled to claim damages from the Defendant arising from the aforesaid.
 - 8. If it is found that the Master Services Agreement is enforceable, then a dispute has arisen between the Claimant and Defendant as to whether the Claimant has rendered certain services to the Defendant prior to such suspension and whether such costs for services rendered, are to be paid by the Defendant to the Claimant.

The arbitration hearing was set down for 18 – 19 March 2013.

- 1. Lefatshe claimed an amount of R1 643 174,61 as well as interests and costs (invoice nr 3181 dated 31 August 2011).
- 2. Damages as a result of breach of contract in the amount of R9 329 213,00 and R3 780 000,00 as well as interests and costs.

Eden filed a notice of exception on 30 January 2014.

On 14 April 2014 Eden's representative forwarded an e-mail to us in which he states that the exception was argued in the presence of the Arbitrator. He also said that he felt that the Arbitrator was going to help the Claimant and that he awaits the outcome from the Arbitrator.

On 23 April 2014 we've received the outcome of the Arbitrator who rejected our exception with costs.

Council was advised of the two (2) options it has and was required to make an election as to the future of the contract. The two options are:

1. Cancellation of the contract and a claim for damages. This will give rise to a claim for repayment of that which had already been paid by the client to the claimant. This cancellation will also entail that the client would have to tender restitution of the hardware which it had received. This option, however, should be considered only if there is reason to believe that the claimant will be able to repay that which had already been paid to it by the client; or
2. No claim for cancellation but only a claim for damages. This option will be premised thereon that the contract concluded between the parties was indeed a valid contract (which does not appear to be our instructions) and, consequently, no restitution to be claimed or tendered.

Council's decision was to exercise option 1 above.

On 22 September 2014, Council received an e-mail whereby Mr Haycock (Lefatshe's representative) notified us that Lefatshe has been liquidated and that the hearing be postponed sine die, pending instructions from the liquidator to proceed with the arbitration.

On 5 November 2014, Council was informed that Lefatshe is claiming R1 643 174,61 at 15.5% per year, a *tempore mora* from 1 October 2011. The arbitration agreement was signed on 21 February 2013. Interest on the amount of R9 329 213,00 will be calculated from 21 February 2013.

The arbitrator, Advocate Duminy hereafter contacted the parties and requested counsel to contact him to arrange a pre-arbitration meeting so that further conduct of the matter can be put in hand. The parties agreed that the merits and quantum shall be separated and requested the Defendant to settle the quantum. However, after discussion with Advocate Coetsee, he was of the opinion that the quantum cannot be settled.

On 18 November 2015, we've received a letter from our attorney in which they refer to the arbitration hearing that took place 27 – 30 October 2015. The attorney drew our attention to our issues in dispute, namely that the awarding of the agreement was invalid and that rule 32 of the Supply Chain Management Policy was not adhered to. According to our attorney, he was of the view that the Arbitrator, who referred to the *Oudekraal v City of Cape Town* case, will not rule in our favour since the decision, whether it was incorrect or not, remains until set aside by a court of law (review). They are of the opinion that the Arbitrator will reject this point.

A further point in dispute is that we are of the opinion that the contract is vague and therefore unenforceable. Originally the Claimant relied on the Master Service Agreement (MSA) and the Service Level Agreement (SLA), which did not form part of the MSA and therefore unenforceable.

During the arbitration, the Claimant amended their claim to include the Project Charter which all of a sudden made its appearance and was signed by our previous employees during May 2011. Lefatshe, from its inception, misrepresented themselves in claiming that they are selling us an integrated system. It is common knowledge that they do not have such a system by the time the contract was concluded and the system is not defined in the MSA.

According to our attorney, 5 December 2015 has been set down for the parties' closing arguments. According to him, the costs for the day could be between R250 000,00 and R300 000,00. He is therefore of the opinion, to safe costs, we inform the Claimant that they've succeeded in their action on the merits with costs and that the quantum remains an issue which can stand over. Furthermore, that the quantum be investigated thoroughly and that Eden make a settlement offer to Lefatshe.

On 19 November 2015, Messrs Louw and Nieuwoudt consulted with the Executive Mayor, who agreed with the opinion of the attorney (see above) and that Eden be given an opportunity to look at a reasonable and equitable settlement offer, which will be communicated to Lefatshe. Council will also make a final decision regarding the way forward, which resolution will be communicated to the attorney.

On 23 November 2015, Council resolved that the arbitration process be dispensed with and that the parties be afforded an opportunity to validate their losses, with the view to tabling a reasonable settlement offer at the next Council meeting. That the quantum of this settlement be negotiated between the two (2) parties. Legal was requested to inform the attorney accordingly.

On 25 November 2015, the attorney informed us that he'd received a phone call from Lefatshe's representative who said that he had a mandate from his client to settle the matter in the amount of R6.4 million, which amount includes costs and interests. He was informed that the request will be communicated to the Municipal Manager, who will probably consult with Adv Coetsee and the relevant officials to consider the quantum.

On 10 December 2015, the attorney informed the Municipal Manager that the advocate will only be available on 14 January 2016 and can therefore not arrange a consultation before then. In view hereof, he'd informed Lefatshe's representative and requested an extension until the end of January 2016 to consult with the relevant decision-makers and make a counter-offer, which offer will be submitted to Council for approval.

On 25 January 2016, Lefatshe's representative was informed that we've tried to calculate the settlement offer but was unsuccessful. Due to the fact that any amount tendered must be approved by Council, an informed proposal must be submitted to motivate the settlement or counter offer. The problem we're having is that their experts did not submit any documentation which indicated what they rely on and how they came to the settlement amount.

Without such documentation to determine whether the offer is reasonable or applicable, we could not make an informed decision. They were requested to provide us with all the documentation their experts relied on in determining the settlement offer. Upon receipt thereof, we will be able to make our own calculations.

This matter was set down for arbitration in December 2016. However, by agreement between the Parties, the matter has been postponed to 25 January – 27 January 2017.

On 25 January 2017, the opposition party was still in the process of submitting documentation to us. We had two expert witnesses, namely Messrs Wilmot (IT) and De Kroon (forensic auditor). The opposition also had two expert witnesses, Messrs Koski (accountant) and Purbrick (IT). They've also called Ms Mwewa (who was the project manager of Lefatshe at that stage) and Mr Naidu.

According to Ms Mwewa's testimony, Lefatshe was only responsible for the "integration" and "configuration" of the software packages they were going to deliver to us. We, on the other hand, were of the view that Lefatshe was going to provide us with an integrated development system. Ms Mwewa testified that all their modules (Finance, HR, Mid-office and supply chain management) all "talked – integrated" to each other and it had to be configured according to the Client's (Eden's) needs. What must also be borne in mind is that the Finance and HR component were to be provided by City Works and Absalom respectively. It was only the "mid-office" component that belonged to Lefatshe.

During cross-examination, the question was posed to Ms Mwewa that according to Mr Wilmot, in order for the databases to speak to each other, they either would have had to be written in a manner that they see each other or if they did not see each other and were not written in that particular manner, an "overshadowing" programme would have had to be written for them to see each other. Ms Mwewa testified that Mr Naidu will be able to comment on that, as he did all the negotiations.

When asked to indicate in the project charter, what was the "integration" referred to therein supposed to mean, she said that she can't answer as she did not compile the document. She was also asked to explain what was meant by the period of two months for integration of the HR programme, to which she'd replied that she cannot say because she did not compile the document.

She was also asked to explain the two Lefatshe staff who worked only two days each and the costs would have been only R3 937,00. When asked to explain the huge difference between the R1.3 million and the R4 000,00 staff costs, she again testified that she did not negotiate the contracts and Mr Naidu would be able to answer that question.

Mr Mahendra Naidu testified next on behalf of Lefatshe. What was important that came out of his questioning and cross-examination, was the fact that according to them, Lefatshe paid R1.5 million for licence fees.

Despite the fact that we've asked for proof of payment, purchase order issued to City Works, copy of invoice issued by City Works to the claimant, full particulars of what products, services or licences were acquired in the amount of R1.5m and where the products or licences are currently, they could not provide us therewith. They've provided us with "proof of payment" but there was no indication whether it was for work performed at Mogale City or at Eden. It came out, during cross-examination, that the R1.5m that Mr Naidu claimed for work done at Eden, was actually for work performed at Mogale City and that they are therefore not entitled to claim the R1.5 million from Eden.

Mr Naidu was also asked, during cross-examination, where in South Africa he can take us to today to a product similar in terms of the modules, the configuration of modules that Eden want from them, which is fully functional, integrated and operational. His answer is "no there is not".

Mr Koski testified on the costing and manpower issues.

Mr Purbrick also testified on the costing and manpower issues from an IT perspective. He referred to the project charter and how the integration is a simple file transfer between those systems and that you may do it once every two weeks, depending on when you run the file. He also referred to the meter reading that one might run twice a month or once a quarter. The project charter speaks about the "services" that they must provide us, inter alia, the water or meter reading, which was pointed out to them during cross examination is not part of our function. The project charter which forms part of the contract, is identical to that of Mogale City, which is a local municipality, hence the meter reading "system" would not be applicable to us.

Mr Purbrick also testified that the integration does not require a lot of work or even huge expertise. According to him, it is about taking a flat file and reading it into a different system. It is maybe a couple of hours work to do that sort of thing. Again, this is not what our understanding of the system is that we were going to get.

According to Purbrick, the amount due to Lefatshe for manpower, amounts to R2 020 721.

Mr Koski also testified regarding the manpower and costs of sales as mentioned earlier.

Our witnesses (Messrs Wilmot and De Kroon) were not called to testify. Reason being that Mr Wilmot, without knowing what programme Lefatshe was working on and the fact that they've stated that they were only responsible for the integration and not development, could not add anything to the testimony of Ms Mwewa.

It became clear during the arbitration that the Arbitrator was more "lenient" towards Lefatshe as opposed to Eden.

The arbitrator also made it clear, when we've submitted a schedule of items in dispute and not in dispute, that Mr Purbrick's manpower figure should also be included. According to our calculation, Lefatshe would never have been able to complete the project as they would have been bankrupt when looking at their financial statements. We've estimated that they would have run at a loss of – R4 186 085.

According to Lefatshe, they would have made a profit of R8 106 217.

Lefatshe provided us with a settlement offer on Tuesday, 7 February 2017, which we've received yesterday, 8 February 2017. In terms of their settlement offer, they were willing to settle on the following terms, namely:

We pay them, within 14 days of date of their offer:

- the sum of R8 million;
- interest on the said sum at the prescribed legal rate from date of signature of the arbitration agreement (21 February 2013), to date of payment in full;
- their costs of suit including Counsel's fees and the qualifying costs and attendance fees and costs of the expert witnesses who testified in support of their case, as taxed or agreed;
- the costs of the arbitration including the costs of the arbitrator, hire of the arbitration venue and the cost of recording and transcription services.

What is important to note that when the schedule of the items in dispute was submitted to the Arbitrator, he said that another R2 million (Purbrick's manpower costs) should also be added. Immediately thereafter Lefatshe informed us that they will send us a revised settlement offer.

The revised offer we've received are as follows:

The Respondent (we) shall within 30 days of the date hereof pay to the Claimant:

- the sum of R10 million; and
- VAT on that sum at the statutory rate, if applicable (which VAT is to be paid as and when required within 30 days of an invoice being presented);
- interest on the said sum of R10 million at the prescribed legal rate from the date of signature of the arbitration agreement in this matter, being 21 February 2013, to date of payment in full;
- the Respondent shall pay the claimant's costs of suit including counsel's fees and the qualifying costs and attendance fees and costs of the expert witnesses who testified in support of the Claimant's case, as taxed or agreed;
- the Respondent shall pay the costs of the arbitration including the costs of the arbitrator, hire of the arbitration venue and the cost of recording and transcription services.

Authorisation was received to enter into negotiations with Lefatshe in order to settle the claim. A settlement offer was made to Lefatshe, which they've accepted. In terms of the settlement, we will pay them R13 000 000,00 in respect of their claim for damages, plus VAT (if applicable); the parties shall be equally liable for the costs of the arbitration venue and the recordal of the proceedings and to the extent that the claimant has made payment in excess of its 50% share thereof, the respondent shall, within 7 days of the date of this award, reimburse claimant for respondent's 50% share of such costs by payment thereof into to the claimant's attorneys' account as aforesaid; we must pay the fees and costs of the arbitrator and shall to this end reimburse claimant, within 7 days of the date of this award, for all payments made by claimant to date in respect of such fees and costs, by payment thereof to the claimant's attorneys' account as aforesaid; each party shall pay its own legal costs; they must furnish us with a VAT invoice in respect of the VAT payable on the capital sum referred to in paragraph 1.1 above.

Lefatshe submitted an invoice to us in the amount of R13 million plus VAT. The VAT issue was referred to SARS for a ruling, which is still an issue as the VAT number on the invoice submitted by Lefatshe, does not exist. Should VAT be payable to Lefatshe, the amount of R1 820 000 must be paid over, which Council can then claim again.

MPAC at its meeting has requested that Council appoint a service provider to investigate whether or not this amounted to fruitless and wasteful expenditure and if so, who should be held liable.

FINANCIAL IMPLICATIONS

RELEVANT LEGISLATION

Section 32 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

COMMENTS: EXECUTIVE MANAGER TECHNICAL SERVICES

Noted.

COMMENTS: EXECUTIVE MANAGER COMMUNITY SERVICES

The report is noted.

RECOMMENDATION

1. That MPAC resolved to recommend to Council that the necessary expertise of forensic investigators be appointed to review the matter and that the scope of report will focus on liable persons/officials.
2. That an independent report of the forensic review be submitted to MPAC for consideration.

3. That after consideration of the independent report mentioned in one (1) above, a final report be submitted to Council.

AANBEVELING

1. *Dat MPRK besluit het om by die Raad aan te beveel dat die nodige kundigheid van forensiese ondersoekers aangestel word om die aangeleentheid te hersien en dat die ondersoek sal fokus op die aanspreeklikheid van persone/ personeel.*
2. *Dat 'n onafhanklike verslag van die forensiese ondersoek aan MPRK voorgelê sal word vir oorweging.*
3. *Dat na oorweging van die verslag genoem in een (1) hierbo, 'n finale verslag aan die Raad voorgelê word.*

ISINDULULO

1. Sesokuba iMPAC igqibe ukundulula kwiBhunga ukuba ingcali ezifanelekileyo kuphando ndzulu zichongwe ukuze zingenelele kulomba kwaye umongo wengxelo ugxile ekuthwaliseni uxanduva abantu/amagosa.
2. Sesokuba ingxelo enguzimele geqe yoqwalaselo lophando ndzulu inikwe kwi MPAC ukuzi iyiqwalasele.
3. Sesokuba emveni kuye kwaqwalaselwa ingxelo enguzimele geqe ephawulwe ekuqaleli (1) ngasentla, ingxelo yokugqibela inikezelwe kwiBhunga.

APPENDIX

DISTRICT COUNCIL

29 MAY 2017

DC 177/05/17
UTILISATION OF COUNCIL PROPERTIES / AANWENDING VAN
RAADSEIENDOM /

(8/3/1/1)

23 May 2017

REPORT FROM MUNICIPAL MANAGER (MONDE STRATU)**PURPOSE OF THE REPORT**

To obtain Council Resolutions to enable the municipality to develop strategies that will ensure optimum utilisation and employment of municipal properties, to ensure a sustainable utilisation of same and to extract optimum financial value for alleviation of financial stresses of the municipality, the enhancement of the revenue base and contribute towards inclusive economic growth of the region.

BACKGROUND / DISCUSSION

The Eden District Municipality like many similar district municipalities in the country is facing serious financial stresses that threaten the very survival of the institution. Currently the municipality is highly grant dependent and cannot survive without same. The financial grant dispensation in the country is not showing any signs of improvement and the outlook is not promising as the economy and the national revenue base are not growing. Various studies (INCA REPORT and the WC COGTA REPORT – Eda Barnard Report) have been performed and all have concluded that current financial dispensation is not sustainable and new strategies need to be employed.

District Research Initiative Funding project was undertaken by the district municipalities situated in the Western Cape, Provincial Treasury formed an integral part of this project. Grant funding was received and consultants were appointed to investigate the funding of district municipalities and propose alternative funding models. This project has been concluded and the recommendations have been provided to National Treasury for consideration.

The municipality owns a portfolio of properties that is valued over R200 million (based on the 2014 valuation, some of which the ownership of the property is disputed). Most of the properties are not properly accounted for as information regarding their use and status of leases is not comprehensive.

Various properties are occupied by tenants (rentals unknown) and others are dilapidated (Kleinkranz). Some of the properties have become a burden to the fiscus of the Council as they are run on deficit that is financed from the equitable share allocation, a practise that many individuals frown upon.

The municipality needs to develop strategies to ensure that:

1. It becomes financially viable and sustainable for the long-term;
2. Municipal properties are utilised to ensure maximum extraction of value;
3. Private sector investors partner with the municipality to ensure the success of the municipal strategic objectives
4. B-Municipalities partner with DM in realising the potential of properties in their jurisdictions
5. Inclusive Economic Growth is realised in the long-term

To achieve the above Council needs to empower and monitor management in engaging in the following decision making processes within the applicable legislative prescripts:

1. Leasing of certain properties on a long term basis,
2. Alienation (out-right sale) of certain properties
3. Partnering with developers in certain properties
4. Exchange with B-Municipalities of certain properties for mutual benefit,
5. Own development of certain properties to achieve certain development goals
6. Partnering with Provincial and National governments and entities to achieve certain development goals.

Council is required specifically and within the confines of the law to expect management under the leadership of the Municipal Manager and the Executive Mayor to engage aggressively in endeavours to encourage investors in the various categories (private investors, SOE's, Provincial and National Departments etc) in ensuring the success of the above listed objectives. Necessary capacity from a technical point of view must be employed should a need arise.

FINANCIAL IMPLICATIONS

At this stage the financial implications cannot be calculated as a detailed turnaround strategy per property must be prepared and on which the calculations can be based

It is imperative that market related rentals are received from the leasing of the properties and where properties are sold, that it is sold at market related value to maximise the profit on the sale of properties.

The capital value of the properties sold, should be utilize to purchase cash generating assets to ensure a steady stream of revenue. The capital value should not be utilized to fund operational expenditure for example employee related costs, as this will have a negative impact on our financial ratios and balance sheet.

RELEVANT LEGISLATION

The Constitution of RSA Act 108 of 1996

Local Government: Municipal Structures Act; Municipal Systems Act; Municipal Finance Management Act, Municipal Property Valuations Act and the applicable regulations such as the Asset Transfer Regulations.

Applicable By-Laws

UITVOERENDE OPSOMMING

Die doel van die verslag is om raadsgoedkeuring te verkry om die munisipaliteit in staat te stel om 'n strategie te ontwikkel vir die aanwend en gebruik van raadseiendom. Die ontwikkeling van sodanige strategie het ook ten doel om volhoubare finansiële inkomste uit eiendom te verseker en wat kan bydra tot 'n inklusiewe groei van die distrik.

Soos ander distriksmunisipaliteite in die land gaan Eden gebuk onder ernstige finansiële uitdagings wat die voortbestaan van die instelling in gevaar stel.

Die gesamentlike waarde van die raad se eiendom, gebaseer op die 2014 waardasies, beloop ongeveer R200-miljoen. Die meeste van die raadseiendom is nie behoorlik geboekstaaf nie en inligting aangaande die gebruik en status daarvan is onduidelik. Verskeie eiendom word bewoon waarvan die inkomste nie behoorlik opgeteken is nie en ook verwaarloos is (Kleinkrantz). Sommige van die raadseiendom het 'n finansiële las vir die raad geword aangesien dit tans op 'n finansiële verlies bestuur word en deur middel van die jaarlikse verdeelde inkomste vanaf die regering, in stand gehou word. 'n Praktyk wat menigte individue se wenkbroue laat lig.

Die ontwikkeling van 'n strategiese ontwikkeling is belangrik om te verseker dat:

- 1. Dit finansiële werkbaar en volhoubaar op die langtermyn te maak;*
- 2. Munisipale eiendom aangewend word om die maksimum opbrengs van inkomste te verseker;*
- 3. Privaat ontwikkelingsvennote te bekom ten einde die sukses van die strategiese doelwitte te bereik;*
- 4. B-Munisipaliteite te betrek om saam met Eden die potensiele moontlikhede van die ontwikkeling van die eiendom in hul onderskeie jurisdiksies te beseef;*
- 5. Inklusiewe ekonomiese groei in die langduur te verseker.*

Ten einde bogenoemde doelwitte te bereik, sal die raad die bestuur moet bemaagtig om die volgende besluitnemingsprosesse binne die voorgelegde wetgewende voorskrifte, te betree:

- 1. Verhuring van sekere eiendom op die langtermyn;*
- 2. Vervreemding van sekere eiendom;*
- 3. Aangaan van vennootskappe met ontwikkelingsdoelwitte op sekere eiendom;*
- 4. Uitruil van sekere eiendom met B-munisipaliteite wat tot voordeel van albei sal dien;*
- 5. Eie ontwikkeling van sekere eiendom ten einde ontwikkelingsdoelwitte te bereik;*
- 6. Aangaan van vennootskappe tussen provinsiale- en nasionale regering ten einde sekere ontwikkelingsdoelwitte te bereik;*

Magtiging word spesifiek vanaf die raad benodig om binne die voorskrifte van die wet, bestuur onder leiding van die munisipale bestuurder en uitvoerende burgemeester, toe te laat om aggresief te skakel met ontwikkelaars in die voortuitsig vir die onderskeie kategorie-ontwikkeling (privaat ontwikkeling, staatsinstellings, provinsiale- en nasionale regerings) vir bogenoemde doelwitte suksesvol te bereik. Nodige kapasiteit vanuit 'n tegniese oogpunt sal ook verkry moet word, indien nodig.

RECOMMENDATION

1. That the Municipal Manager, assisted by Executive Management and monitored by the Executive Mayor ensures that various legislative processes are employed to facilitate decision making to achieve the following :
 - Leasing of certain properties on a long term basis;
 - Alienation (out-right sale) of certain properties;
 - Partnering with developers in certain properties;
 - Exchange with B-Municipalities of certain properties for mutual benefit;
 - Own development of certain properties to achieve certain development goals;
 - Partnering with Provincial and National governments and entities to achieve certain development goals; and
2. That a comprehensive turnaround strategy be compiled per property with the proposed way forward having due regards for legislative requirements. The turnaround strategy must be completed by 31 August 2017 and will be used as guideline for decision making purposes.
3. That Management engages in practical steps to encourage investors from public and private sectors to come up with sustainable investment packages. That a process towards the development and adoption of long-term Growth and Development Strategy is started forthwith.
4. That progress reports are submitted to the Property Portfolio Committee and Mayoral Committee on a monthly basis and to Council on a regular basis.

5. That necessary capacity from a technical point of view must be employed as and when a need arise.

AANBEVELING

1. *Dat die Munisipale Bestuurder, bygestaan deur die Uitvoerende Bestuur en deur die Uitvoerende Burgemeester gemonitor, verseker dat die onderskeie wetgewende prosesse gevolg word ten einde besluitneming vir die bereiking van die volgende, te bemiddel:*
 - *Verhuring van sekere eiendom op 'n langtermynbasis*
 - *Vervreemding van sekere eiendom*
 - *Aangaan van ontwikkelingsvennootskappe vir sekere eiendom*
 - *Uitruil van sekere eiendom met B-munisipaliteite tot gesamentlike voordeel sal strek*
 - *Eie ontwikkeling van sekere eiendom ten einde ontwikkelingsdoelwitte te bereik;*
 - *Aangaan van Provinsiale- en Nasionale regeringsvennootskappe en instellings ten einde sekere ontwikkelingsdoelwitte te bereik*
2. *Dat binne die toelaatbare wetgewing, 'n omvattende omkeerstrategie vir elke eiendom opgestel word. Hierdie omkeerstrategie moet voor 31 Augustus 2017 afgehandel wees waarna dit as riglyn vir 'n besluitnemingsproses aangewend sal word.*
3. *Dat Bestuur pragmaties optree om te verseker dat beleggers uit die publiek en privaatsektor volhoubare investeringsvoortelle indien. Dat 'n proses vir die ontwikkeling en aanvaarding van 'n langtermyn Groei- en Ontwikkelingstrategie as 'n saak van dringendheid aangepak word.*
4. *Dat vorderingsverslae maandeliks aan die Eiendomsbestuur en Ontwikkelingsportefeuljekomitee en Burgemeesterskomitee en op 'n gereelde basis aan die Raad voorgelê word.*
5. *Dat die nodige kapasiteit vanuit 'n tegniese oogpunt bekom word soos en wanneer dit benodig mag word.*

ISINDULULO

1. Sesokuba uMphathi Masipala, ancediswe Ngabaphathi Abazintloko kwaye Nokujongwa ngu Sodolophu ukuqinisekisa ukuba inkqubo ezahlukileyo ezisemthethweni ziyasetyenziswa ekumiseleni ukuthatyathwa kwezigqibo okufezekisa oku kulandelayo:
 - Ukuqashiswa kwemihlaba ethile ixesha elike;

- Ukukhutshwa(ngokuthengiswa) kwemihlaba ethile;
 - Ubambiswano kunye nabaphuhliso kwemihlaba ethile;
 - Utshintshiselwano kunye NooMasipala bebakala B ngemihlaba ethile ngokwengeniso ezifanelekileyo;
 - Uphuhliso lwangaphakathi lwemihlaba ethile ukufezekisa injongo ezithile zezophuhliso;
 - Ubambiswano kunye noRhulumente Wephondo kunye Nokazwelonke kunye nezinto ezikhoyo zokufezekisa injongo ezithile zezophuhliso;
2. Sesokuba ubuchule bokuguqula isimo simiselwe ngokwemihlaba kunye nendlela ethile ephakanyisiweyo ngokunika ingqwalasela efanelekileyo imiqathango yomthetho. Ubuchule bokuguqula funeka kuqukunjelwe ngomhla 31 kweyeThupha 2017 kwaye kuzakusetyenziswa njengomhlahla ndlela wokuthabatha izigqibo.
 3. Sesokuba Abaphathi baqhagamshelane ngokwamanyathelo afanelekileyo okuqinisekisa abatyali babucala nabasekuhalleni baveze indlela ezithile ezisigxina zezotyalo. Sesokuba inkqubekela phambili ngokophuhliso kunye nokwamkela Uhlumo Lwezooqoqosho kunye Nobuchule iyaqalawa kwakamsinya.
 4. Sesokuba ingxelo ngomsebenzi iyanikezelwa kwiKomiti Yezemihlaba kunye Nekasodolophu rhoqo ngenyanga kunye nakwiBhunga rhoqo.
 5. Sesokuba inxaso efanelekileyo ngokweliso lezobuchwephesha iyamiselwa apho idingeka khona.

APPENDIX

